

immigration act of 1924; to the Committee on Immigration and Naturalization.

268. By Mr. LUCE: Petition of members of the Boston Authors' Club, regarding classification of authors' manuscripts as first-class mail; to the Committee on the Post Office and Post Roads.

269. By Mr. O'CONNELL of New York: Petition of the National Society, Daughters of 1812, favoring the continuance of the basic provisions of the immigration act of 1924, including the national-origins system, etc.; to the Committee on Immigration and Naturalization.

270. Also, petition of the National Society, Daughters of the American Revolution, with reference to the restriction of immigration; to the Committee on Immigration and Naturalization.

271. Also, petition of the National Society, Dames of the Loyal Legion, favoring the continuance of the basic provisions of the immigration act of 1924, including the national-origins system, etc.; to the Committee on Immigration and Naturalization.

272. By Mr. SELVIG: Petition of A. S. Engebretson, Halstad, Minn.; Carl Anderson, Dale, Minn.; Henry M. Halvorson, Stephen, Minn.; and M. A. Beckstrom, Warren, Minn., urging the repeal of the national-origins provision of the present immigration act; to the Committee on Immigration and Naturalization.

273. Also, petition of Carl Stomgren and Alvin Stomgren, of Bronson, Minn., urging the repeal of the national-origins clause of the present immigration act; to the Committee on Immigration and Naturalization.

274. Also, petition of Jalmer E. Pearson, of Kennedy, Minn., in favor of a large increase in tariff duties on competing farm products; to the Committee on Ways and Means.

275. Also, petition of A. O. and Carl Brink, Ray and John Halvorson, Art Potucek, Henry Sustad, and A. G. Sumner, all of Viking, Minn., in favor of a large increase in tariff duties on competing farm products; to the Committee on Ways and Means.

276. Also, petition of H. G. Larson, resident of Viking, Minn., favoring a large increase in tariff duties on competing farm products; to the Committee on Ways and Means.

277. Also, petition of A. Skoglund and four other residents of Holt, Minn., urging the repeal of the national-origins clause of the present immigration act; to the Committee on Immigration and Naturalization.

278. Also, petition of Jacob A. Vatnes, resident of Gully, Minn., urging the repeal of the national-origins clause of the present immigration act; to the Committee on Immigration and Naturalization.

279. Also, petition of Mr. and Mrs. P. B. Hole, Anne and Huldah Oman, Mrs. M. M. Webster, Mrs. J. N. Oman, and Ole H. Person, all residents of McIntosh, Minn., urging the repeal of the national-origins clause of the present immigration act; to the Committee on Immigration and Naturalization.

280. Also, petition of Pedor Olson, Harold Olson, Walter Christopherson, C. J. Johnson, and John Nord, all of Fosston, Minn., urging the repeal of the national-origins clause of the present immigration act; to the Committee on Immigration and Naturalization.

281. Also, petition of Otto J. Fridlund, resident of Pelican Rapids, Minn., urging the repeal of the national-origins clause of the present immigration act; to the Committee on Immigration and Naturalization.

SENATE

TUESDAY, April 30, 1929

(Legislative day of Monday, April 29, 1929)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The PRESIDENT pro tempore (Mr. MOSES). The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had agreed to the concurrent resolution (S. Con. Res. 5) to print and bind the proceedings in Congress, together with the proceedings at the unveiling in Statuary Hall, of the statue of Robert M. La Follette, presented by the State of Wisconsin.

The message also announced that the House had passed a joint resolution (H. J. Res. 59) to extend the provisions of Public Resolution No. 92, Seventieth Congress, approved February 25, 1929, in which it requested the concurrence of the Senate.

RELIEF OF STORM AND FLOOD STRICKEN AREAS

The joint resolution (H. J. Res. 59) to extend the provisions of Public Resolution No. 92, Seventieth Congress, approved February 25, 1929, was read twice by its title.

Mr. GEORGE. A similar joint resolution introduced by me on yesterday was referred to the Committee on Agriculture and Forestry, and that resolution is before the committee. The committee has not yet made its report. I ask that this resolution may lie on the table.

The PRESIDENT pro tempore. The House joint resolution will lie upon the table in accordance with the request of the Senator from Georgia.

PETITIONS

The PRESIDENT pro tempore laid before the Senate a resolution adopted by Local Union No. 151, International Brotherhood of Electrical Workers, of San Francisco, Calif., favoring a reduction of 50 per cent in the Federal tax on earned incomes, which was referred to the Committee on Finance.

Mr. NORRIS presented a concurrent resolution of the Legislature of the State of Nebraska, favoring the passage of the so-called Robinson bill, granting increased pensions to Civil War veterans and their widows, which was referred to the Committee on Pensions.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. PITTMAN:

A bill (S. 842) for the relief of Gilbert McNicoll; to the Committee on Claims.

By Mr. NYE:

A bill (S. 843) for the relief of the Lehigh Briquetting Co.; to the Committee on Claims.

By Mr. HASTINGS:

A bill (S. 844) granting an increase of pension to Fannie C. Avis; to the Committee on Pensions.

By Mr. GILLET:

A bill (S. 845) granting a pension to Josephine E. Lang; to the Committee on Pensions.

By Mr. VANDENBERG:

A bill (S. 846) to authorize the Secretary of Commerce to convey to the State of Michigan for park purposes the Cheboygan Lighthouse Reservation, Mich.; to the Committee on Commerce.

By Mr. ROBINSON of Indiana:

A bill (S. 847) granting a pension to Josephine Walrod;
A bill (S. 848) granting a pension to Anna E. Burgess;
A bill (S. 849) granting a pension to Anna C. Stewart; and
A bill (S. 850) granting an increase of pension to Louisa V. Moore; to the Committee on Pensions.

A bill (S. 851) for the relief of Homer C. Rayhill; and

A bill (S. 852) for the relief of Thomas B. Wikoff; to the Committee on Military Affairs.

A bill (S. 853) granting compensation to Lawrence F. Morris; to the Committee on Finance.

A bill (S. 854) for the relief of Herman Gerlach; to the Committee on Naval Affairs.

By Mr. SHORTRIDGE:

A bill (S. 855) for the relief of the estate of Gualupe Zazueta, deceased;

A bill (S. 856) authorizing the payment of a claim to Alexander J. Thompson;

A bill (S. 857) for the relief of Gilbert Peterson;

A bill (S. 858) for the relief of J. A. Perry;

A bill (S. 859) to extend the benefits of the United States employees' compensation act of September 7, 1916, to Clara E. Nichols;

A bill (S. 860) for the relief of C. C. Moore & Co., engineers;

A bill (S. 861) for the relief of Ellen B. Monahan;

A bill (S. 862) for the relief of John H. Hughes;

A bill (S. 863) for the relief of Estella Howard;

A bill (S. 864) for the relief of Laurin Gosney;

A bill (S. 865) for the relief of W. P. Fuller & Co.;

A bill (S. 866) for the relief of Timothy Fennessy;

A bill (S. 867) for the relief of William Eckman;

A bill (S. 868) to extend the provisions of the United States employees' compensation act of September 7, 1916, to James E. Dethlefsen; and

A bill (S. 869) to reimburse the members of Company B, California Engineers, in the aggregate amount personally expended by them for United States Army equipment; to the Committee on Claims.

By Mr. WHEELER:

A bill (S. 870) to provide for contests of certain oil and gas permits; to the Committee on Public Lands and Surveys.

A bill (S. 871) authorizing the construction of a dam to impound water for the irrigation of public lands, for the regulation of the flow and control of the floods of the Flathead River, Clark Fork, and the Columbia River, and for the improvement of navigation thereon; to the Committee on Irrigation and Reclamation.

A bill (S. 872) to amend an act for the relief of certain tribes of Indians in Montana, Idaho, and Washington; and

A bill (S. 873) conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment in any claims which the Flathead Tribe or Nation of Indians of Montana may have against the United States, and for other purposes; to the Committee on Indian Affairs.

By Mr. DENEEN:

A bill (S. 874) granting an increase of pension to Ella M. Beckett; to the Committee on Pensions.

A bill (S. 875) authorizing C. N. Jenks, F. J. Stransky, L. H. Miles, John Grandy, and Bruce Machen, their heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near Savanna, Ill.; to the Committee on Commerce.

A bill (S. 876) for the relief of Emma Anderson Wold; and

A bill (S. 877) authorizing the Secretary of the Treasury to amend the contract executed by the Treasury Department for the construction of the Edward Hines, Jr., Hospital at Broad View, Ill.; to the Committee on Finance.

By Mr. CAPPER:

A bill (S. 878) to provide that the United States shall cooperate with the States in promoting the health of the rural population of the United States, and for other purposes; to the Committee on Agriculture and Forestry.

A bill (S. 879) to amend section 8 of the act entitled "An act making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1914, and for other purposes," approved March 4, 1913, as amended; to the Committee on the District of Columbia.

By Mr. JONES:

A bill (S. 880) to define jams, preserves, jellies, and apple butter; to provide standards therefor and to amend the food and drugs act of June 30, 1906, as amended; to the Committee on Agriculture and Forestry.

By Mr. JOHNSON:

A bill (S. 881) granting a pension to Emma Kirby;

A bill (S. 882) granting a pension to Mary Ellen Schmadeka;

A bill (S. 883) granting an increase of pension to William N. Lanham; and

A bill (S. 884) granting an increase of pension to Arthur W. Scudder; to the Committee on Pensions.

A bill (S. 885) authorizing the Secretary of the Treasury to pay to Eva Broderick for the hire of an automobile by agents of Indian Service; to the Committee on Claims.

By Mr. REED:

A bill (S. 886) for the relief of Anthony Mullen; to the Committee on Military Affairs.

A bill (S. 887) providing for the examinations and surveys of the Beaver River, Pa.; the Shenango River, Pa.; and the Mahoning River, Pa. and Ohio; to the Committee on Commerce.

A bill (S. 888) for the relief of Francis J. McDonald; to the Committee on Claims.

By Mr. COUZENS:

A bill (S. 889) for the relief of the Detroit Fidelity & Surety Co.; to the Committee on Claims.

SUSPENSION OF IMMIGRATION

Mr. BLACK. Mr. President, I ask unanimous consent to introduce a bill prohibiting any foreign immigration into America for the next five years, to be referred to the Committee on Immigration.

I send to the clerk's desk a clipping with reference to the inexhaustible and unorganized Mexican labor pouring into America, which I desire to have the clerk read.

There being no objection, the legislative clerk read as follows:

"UNORGANIZABLE LABOR" OFFERED BY TEXAS

HOUSTON, TEX.—"Unorganizable Mexican labor in inexhaustible numbers can be secured in Texas for new textile mills," says a bulletin which the local chamber of commerce has just mailed to every New England textile manufacturer in an attempt to bring new mills to Houston. "Houston also has available for textile mills over 7,000 native female workers, ranging in age from 18 to 44, who retain enough of the democracy of the 'great open country' to give a day's work for a day's pay," according to the bulletin. Operators in the 12 Texas textile mills receive an average wage of \$14.41 for a 55-hour week.

By Mr. BLACK:

A bill (S. 890) to provide for the suspension of immigration of aliens into the United States; to the Committee on Immigration.

PREFERENCE FOR DISABLED WAR VETERANS IN CENSUS BUREAU

Mr. ASHURST submitted the following concurrent resolution (S. Con. Res. 9), which was referred to the Committee on Commerce:

Resolved by the Senate (the House of Representatives concurring). That it is the sense of Congress that in the selection of such persons as are to be employed without reference to civil service, in the preparation of the fifteenth and subsequent decennial censuses direct preference shall be given to the disabled veterans of wars in which the United States has been engaged.

EXPENDITURES BY JOINT COMMISSION ON INSULAR REORGANIZATION

Mr. BINGHAM submitted the following concurrent resolution (S. Con. Res. 10), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved by the Senate (the House of Representatives concurring). That the joint commission established by the joint resolution entitled "Joint resolution to establish a Joint Commission on Insular Reorganization," approved March 4, 1929, is authorized to make expenditures to carry out the purposes of such resolution in an amount not in excess of \$2,000, which shall be paid one-half from the contingent fund of the Senate and one-half from the contingent fund of the House of Representatives upon vouchers approved by the chairman.

CLERKS TO CHAIRMAN OF THE MAJORITY CONFERENCE

Mr. McNARY submitted the following resolution (S. Res. 50), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the chairman of the conference of the majority of the Senate hereby is authorized to employ a clerk at \$3,300 per annum, an assistant clerk at \$2,500 per annum, two assistant clerks at \$2,150 each per annum, and one assistant clerk at \$1,830 per annum, to be paid from the contingent fund of the Senate until otherwise provided by law.

FARM RELIEF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1) to establish a Federal farm board to aid in the orderly marketing, and in the control and disposition of the surplus, of agricultural commodities in interstate and foreign commerce.

The PRESIDENT pro tempore. The question is on agreeing to the amendment proposed by the Senator from Nebraska [Mr. NORRIS].

Mr. SMOOT obtained the floor.

Mr. JONES. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Fletcher	Kean	Sheppard
Ashurst	Frazier	Keyes	Shortridge
Barkley	George	La Follette	Simmons
Bingham	Gillett	McKellar	Smith
Black	Glass	McMaster	Smoot
Blaine	Glenn	McNary	Steck
Blease	Goff	Metcalf	Stelwer
Borah	Goldsbrough	Moses	Swanson
Bratton	Gould	Norbeck	Thomas, Idaho
Brookhart	Greene	Norris	Thomas, Okla.
Broussard	Hale	Nye	Townsend
Burton	Harris	Oddie	Trammell
Capper	Harrison	Overman	Tyson
Caraway	Hastings	Patterson	Vandenberg
Connally	Hatfield	Phipps	Wagner
Copeland	Hawes	Pine	Walcott
Couzens	Hayden	Pittman	Walsh, Mass.
Cutting	Hebert	Ransdell	Walsh, Mont.
Deneen	Heflin	Reed	Warren
Dill	Howell	Robinson, Ark.	Waterman
Edge	Johnson	Robinson, Ind.	Watson
Fess	Jones	Sackett	Wheeler

Mr. PINE. I was requested to announce that the junior Senator from Minnesota [Mr. SCHALL] is absent to-day representing the Senate at the annual meeting of the Board of Visitors at the Naval Academy.

Mr. SHEPPARD. I desire to announce that the senior Senator from Maryland [Mr. TYDINGS] is necessarily detained from the Senate on important business.

The PRESIDENT pro tempore. Eighty-eight Senators have answered to their names. There is a quorum present.

Mr. BLEASE. Mr. President, I ask permission to have printed in the RECORD two letters and a newspaper interview with the president of the American Cotton Association in reference to the pending farm bill.

The PRESIDENT pro tempore. Without objection, leave is granted.

The letters and interview are as follows:

AMERICAN COTTON ASSOCIATION,
St. Matthews, S. C., April 25, 1929.

HON. COLE L. BLEASE,
United States Senator, Washington, D. C.

DEAR SENATOR BLEASE: I am inclosing herewith clipping from the News and Courier of April 22.

The joint-stock and Federal land banks were patented from the German and French system. However, the annual payment made by the farmer on money borrowed from the German and French banks, including interest and principal, is only 2 to 3 per cent, while in our joint-stock land bank and the Federal land bank it is 6 and 7 per cent. In other words, under our system if a farmer borrows \$25,000 his total annual payments will amount to approximately \$57,000. The annual payment through our banks should not exceed 3 to 4 per cent, including interest and principal, and one of the greatest reliefs that could be extended to the American farmer to-day would be an amendment to the act so reducing the rate.

Hundreds of thousands of farmers throughout the Nation are to-day unable to meet these payments, and unless the rate is reduced so that it is possible for them to meet same it means a loss of their homes and farms. Most assuredly an amendment to the act so reducing the rate would receive the support of Congress and the approval of the President, and I urge that you draft such an amendment.

There is a great disparity and incompatibility of earning power as between industry and agriculture. Unless the American farmer is relieved it is impossible for him to continue. The whipsaw of high costs and low prices has made America "a house divided against itself." If it continues, the family farm, the main source of our free and self-reliant national type, will be choked out of existence. Since 1921 the farmer's costs have averaged approximately 69 per cent higher than in 1914, but his prices only 29 per cent higher. His interest rate is one of the large factors in his cost.

The farmer was not accustomed in America to long-term loans when the land banks were formed and he did not realize the burdens he was assuming in binding himself to pay the interest rates stipulated in the act.

Agriculture, our largest single industry, since 1920 has been living off of its capital and not its income. I refer you to the article in the News and Courier covering this.

The inequalities forced upon the farmer by the development of industrial and commercial civilization have been one of the greatest sources of strife and instability in the past and will continue to antagonize, disunite, and disrupt until some adjustment in the matter is made.

An amendment to the act creating these banks reducing annual payments, including interest and principal, to 3 to 4 per cent would benefit not only agriculture but all other lines, as we can not have prosperity with a decadent agriculture such as exists to-day.

Is there any sound or just reason why the American farmer should be required to pay practically twice the amount of the European farmer for moneys borrowed through the land banks?

I sincerely hope that you will give this matter your most thoughtful attention and introduce an amendment to the act reducing the rate. On my recent trip to Washington I dropped by your office, hoping to have the opportunity of discussing this matter with you. However, you were busily engaged on the floor of the Senate.

Beg to remain, with all good wishes,

Sincerely,

J. S. WANNAMAKER.

WASHINGTON, D. C., April 27, 1929.

HON. J. S. WANNAMAKER,
President American Cotton Association,
St. Matthews, S. C.

DEAR MR. WANNAMAKER: Senator BLEASE has your favor of April 25 with inclosed newspaper clipping and the Senator appreciates very much the information contained therein.

If you have no objection the Senator would like to place your letter in the CONGRESSIONAL RECORD. He prefers to use it just as it is, but if you had rather not have your name appear in the RECORD, he could state that he received it from a prominent farmer and business man in his State. Will you kindly advise your pleasure in the matter?

With assurances of the Senator's esteem, I am,

Very respectfully,

JOHN D. LONG, Secretary.

ST. MATTHEWS, S. C., April 29, 1929.

MR. JOHN D. LONG,
Secretary to Hon. Cole L. Blease,
Washington, D. C.

DEAR MR. LONG: I have yours of the 27th. I have no objection to Senator BLEASE placing my letter in the CONGRESSIONAL RECORD, using my name. Would much prefer that he include the clipping from the

News and Courier with the letter, and I would also appreciate if you will add the following either into the body of the letter at the proper place or use as a postscript, as I wrote the letter hurriedly:

Interest rates are always much lower on long-term loans than on short-term loans. With 7 per cent interest rate a loan doubles itself in every eight years, with interest on the interest. Aside from the losses from deflation, as shown since 1923, we have had a steady increasing importation of raw agricultural products over exports, the first time since the formation of the Nation, so that it reached the stupendous sum of \$1,000,000,000 in 1927, excess of importation of raw agricultural products, including livestock, over exports. In other words, the importation of raw agricultural products sold on the American markets would have required the production from 75,000,000 acres of American plow lands to produce the crops so imported.

Aside from the low rate of interest granted to the European farmer on land loans, he gets other additional protection. In France and Germany the farmer's crop is insured against storm disasters and against animal diseases, and in France in case a farmer becomes financially embarrassed, he can not be thrown into bankruptcy. Under the law, his creditors name 1 trustee, the farmer 1 trustee, and the court 1 trustee. He continues to operate his farm, the finances being handled by these trustees and finances furnished for the payment of his debts and the operation of his farm, without interest, from a royalty fund from the Bank of France.

Surely the American farmer is at least entitled to the same rate of interest as the interest granted to the French and German farmers.

As a result of the protection given to agriculture by France and Germany, had they not dissipated much of their wealth for the past century in wars, their prosperity would have been far greater. However, they recognize, since the time of Napoleon, the vital necessity of protecting their basic industry—agriculture. You will remember it was through the savings of the French farmers that the Franco-Prussian war debt was practically paid overnight.

Will appreciate it if you will kindly send me marked copy of the RECORD in which the letter is inserted.

Yours very truly,

J. S. WANNAMAKER.

[From the Charleston (S. C.) News and Courier, April 22, 1929]

J. S. WANNAMAKER THINKS CONGRESS WILL AID FARMS—PRESIDENT OF COTTON ASSOCIATION CONFIDENT OF RELIEF AFTER TRIP TO CAPITAL—EXPLAINS CHIEF PLANS—ASSURED FEDERAL BOARD WILL BE FIRST STEP IN WASHINGTON PROGRAM

ST. MATTHEWS, April 21 (Special).—J. S. Wannamaker, the president of the American Cotton Association, who recently returned from Washington where he attended a conference of national farm leaders who met for the purpose of uniting to secure the passage of national agricultural legislation at the special session of Congress, is enthusiastic about the outcome. He believes that at last national farm legislation of such a nature and scope as to bring effective relief is in sight.

Mr. Wannamaker points out that since 1921 the farmer's cost of production has averaged 69 per cent higher than in 1914, but that the prices for which he sells his products are only 29 per cent higher, while his efficiency has increased about 30 per cent. "In other words," says Mr. Wannamaker, "the farmer's dollar is only worth approximately 65 per cent of the dollar representing the commodities it is necessary for him to purchase. The average of the wholesale prices of nonagricultural products for this period has been 67.3 per cent above pre-war prices, and efficiency has increased 59 per cent."

A striking parallel between industry and agriculture was drawn by Mr. Wannamaker in this respect:

"A research conducted by the best authorities shows that on one hand in America to-day we have industry which, due to many factors, can pay and does pay for common labor in its simplest terms the wage of \$4.95 a day.

"On the other hand, we have agriculture which is only able to pay for common labor in its simplest terms 25 cents per day. In other words, it will be necessary for the farmer to be able to employ his labor at 25 cents per day to break even."

CITES LOSSES SINCE 1920

The staggering losses suffered by agriculture since the year 1920 were thus discussed by Mr. Wannamaker:

"Investigations conducted by the United States Senate and Congress, also through the very best research bureaus, show that the American farmer since 1921, including the year 1928, has an annual average loss of \$5,000,000,000. In other words, he is selling the crops from his farm for \$5,000,000,000 less per year than the cost of production. Deflation in prices, it is shown, cropped twenty billions off the value of the farmer's investment since 1920. In addition to the losses on his crops, shrinkage in the value of his real estate and other investments was approximately thirty billions, making a loss from deflation of fifty billions. The farmer pays increased taxes, higher interest rates, wages, railroad rates, building costs, and bigger prices for supplies in the face of decreased prices for his products. In other words, American agricul-

ture, our largest single industry, has been living off of its capital since 1920 instead of its income.

"To summarize, the importation of farm products produced with coolie labor exceeds the exports of American farm products by the stupendous sum of \$1,000,000,000 per year, representing the total gross amount for which the agricultural products produced on 75,000,000 acres of land in America sell, this being equivalent to the cotton and wheat acreage of America."

INDUSTRIAL PROTECTION

Mr. Wannamaker pointed out that industrial prices have been raised by tariff, railroad rates, immigration restriction, etc., while the Government has balked when asked to regulate conditions to raise the prices of agricultural products, the Nation thus being half protected and half unprotected; half on a world basis and half on an American basis; half under a let-alone policy and half under a policy of regulated prices.

As to the remedies suggested Mr. Wannamaker said:

"Three major proposals for relief have been offered—the McNary-Haugen bill, the export debenture plan, and the Jardine plan. All of these plans carry in addition, of course, a tariff on agricultural products. Congress will certainly enact into legislation at this special session the machinery for the stabilization finance corporation, carrying with it a revolving fund of \$500,000,000 for the purpose of retiring surpluses in stable American agricultural products until there is a demand for the product being retired at cost plus a reasonable profit. In other words, through this machinery the prices of the agricultural products will be so stabilized that there will be no forced sales for less than the cost of production which has proven ruinous to the American farmer in the past. In other words, it is realized that surplus is largely due to seasons. A 100-year record shows that the American farmer frequently produces a larger crop of cotton, wheat, and other crops on a smaller acreage with favorable conditions than on a larger acreage with unfavorable conditions. This is especially true of cotton, and that the surplus is not seasonable but temporary. We have never had a permanent surplus of cotton.

DEBENTURE PLAN

"The debenture plan, which has strong backing, is the payment of a subsidy to the American farmer on his exported agricultural products. This would amount to 2 cents per pound on cotton. The debenture plan is nothing new. It has been in operation in five of the leading agricultural countries of the world for several years. The manufacturer and artificial lines receive a subsidy through the tariff on imported goods as they are protected in prices against cheap imported manufactured products.

"Thus the American farmer pays a higher price for his commodities on account of the tariff, and through the debenture plan he would receive a small refund of the tariff he pays and thus, to a limited extent, be placed on a basis with the manufacturers' lines. The stabilization finance corporations for retiring the surplus, with a \$500,000,000 revolving fund, will certainly be enacted into law; and in all probabilities will be in operation in time for the marketing of the 1929 staple crops. The tariff on importation of agricultural products from abroad so as to protect the American farmer against the coolie standard of living will certainly be made effective. As to the passage of legislation for the debenture plan, this is doubtful."

A general feeling of optimism was prevalent, Mr. Wannamaker said, in the conference:

"It was the consensus of judgment of all attending this conference that American agriculture, as the result of the passage of legislation referred to above, will not only rehabilitate but enjoy the greatest period of prosperity of any time within the last 50 years. In other words, that the American farmer will be enabled to operate his business upon a profitable basis and that the shrinkage in values, especially of farm lands, will be wiped out. This is the first time in American history that a special session of Congress has been called for the purpose of enacting into law legislation in behalf of the basic industry of the Nation—agriculture."

NATIONAL-ORIGINS CLAUSE OF IMMIGRATION ACT

Mr. LA FOLLETTE. Mr. President, I ask permission to have printed in the RECORD an address delivered over the radio on the evening of April 29 by the junior Senator from North Dakota [Mr. NYE] on national origins.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The address is as follows:

Ladies and gentlemen of my radio audience, it is a splendid favor which has been accorded me to address you to-night upon a subject which next to farm legislation commands my closest attention and intense interest. To me there is no more important subject except the farm problem before the Congress at this time than the proposal to keep the national-origins clause of the immigration act of 1924 from becoming effective.

Unless action is taken by Congress to repeal or postpone this new basis of immigration quotas, it will become effective on July 1 of

this year. There is much agitation for and against the national-origins clause. Those opposed to the new basis are seeking to get a vote of the Congress recorded. Those who favor the national-origins basis are fighting against the opportunity to vote upon the subject. Perhaps I am prejudiced, but I have concluded that national-origins advocates are rather convinced that if the question does come up for a vote at this time their pet theory will be defeated, consequently they resort to every chance available to keep the Congress from voting upon the subject.

In 1924 Congress passed the immigration law which restricted the total number of people who could come into this country each year from other lands and which established the basis upon which the quota of each country should be fixed. The Congress determined that the total immigration should be 150,000 annually. To serve temporarily the law called for the immigration to be set at a given percentage of the total number of foreign-born people who were resident in this country in 1890. To put it another way, the quota from each country should be not more than 2 per cent of the total number of people of foreign birth who were resident here according to the census of 1890. It was expected that this would bring us a total immigration of 150,000 people annually.

But, remember, this basis was but temporary and was to be substituted by a new basis a year or two later, according to law. This new basis was that provided for in the so-called national-origins clause of the act. This clause and new basis was to become effective after a commission, consisting of Secretary of State Kellogg, Secretary of Labor Davis, and Secretary of Commerce Hoover, had ascertained the basis of quotas for each country under this clause. Time would be required to work that out. The work would entail a detailed study of census and other records in order for the three Secretaries to comply with the requirements of the clause. They would have to determine just what percentage of the total immigration of 150,000 provided for in this clause would come from each country.

The result of it all was that Congress paid no serious attention to what national origins was all about. Members felt, "Oh, well, this is not to become effective for a couple of years, why worry about it now, we'll study that later"; and proceeded to pass the bill itself, confident that if the national-origins theory was not all right they could remedy the legislation later on and before it became effective. And while Congress was in this frame of mind the three Secretaries in the Cabinet whom I have named went to work and put their offices to work to determine just what basis of quotas would hold for each country under the national-origins theory.

This commission had no small job on its hands. It was necessary for it to first determine just what the complexion of our people was way back in 1790, just after the Revolutionary War, what percentage came from Britain, from Germany, from Ireland, from Italy, from Norway, from Sweden, etc. They found, in a general way, that it would be quite inaccurate to base immigration quotas upon the basis of national origins, and they did not hesitate to say so, though they compiled and furnished to Congress the best and most accurate list of quotas under the clause which circumstances would permit.

And with this list of quotas submitted came the first light to Congress of how very materially immigration quotas would be altered under this new basis. Congress thought in 1924 it was passing a law which would deal fairly with all countries, and, more than that, that it was giving us immigration from those countries which had contributed those immigrants who proved the best citizens of our country. Their eyes were opened by the figures submitted by the commission consisting of Secretaries Hoover, Kellogg, and Davis and immediately Congress (this was in 1926) proceeded to postpone for one year the taking of effect of the national-origins basis. This was to afford opportunity to further study the question and better determine the accuracy of the figures and the theory itself. Another year rolled around and Congress and the commission appointed were still undecided as to the merits of the plan and its accuracy. Again Congress postponed the thing for another year.

There is still dissatisfaction with the theory. The commission has not changed its mind. So in the last Congress it was again proposed to postpone for a year. But at this point the friends of the national-origins plan decided to fight further postponement. The House on the day before adjournment in last March voted to postpone and the proposal came to the Senate. Here it was filibustered in the closing hours and not permitted to come to a vote.

Under the law the President was compelled on or before April 1 to issue a proclamation declaring that the new national-origins basis would become effective on July 1, but President Hoover, who has been one of the members of the commission who found the plan inaccurate, did not issue the proclamation without declaring a hope that it might be repealed by the new Congress before it became effective on July 1. There have, as a result, been resolutions and bills offered to repeal and to postpone the plan, and they are now before Congress, where, as I have said, a determined effort is being made to keep the subject from being voted upon.

That, in brief, is the history of national-origins legislation. But it ought in this connection be cited that in the late presidential campaign

Candidate Hoover pledged himself and his party to the repeal of the national-origins clause in this language:

"No man will say that any immigration law is perfect. We welcome our new immigrant citizens and their great contribution to our Nation; we seek only to protect them equally with those already here. We shall amend the immigration laws to relieve unnecessary hardships upon families. As a member of the commission whose duty it is to determine the quota basis under the national origins law I have found it impossible to do so accurately and without hardship. The basis now in effect carries out the essential principle of the law, and I favor repeal of that part of the act calling for a new basis of quotas."

In that very certain language Mr. Hoover won the ear of thousands of the electors. I dare say that no one issue and no one position taken by him influenced more votes in his favor than that involved in the national-origins controversy. I am satisfied the votes so influenced totaled a few million, because when people learned just what would occur under the national-origins plan they were quick to sense how entirely different it was from expectations.

To this day there are many people who are seriously misguided in their knowledge of the subject. There has been a great deal of propaganda for and against national origins.

For example, it is said that we who are against the national-origins basis are against restricted immigration and that we but seek to break down the immigration laws.

The national-origins plan was never intended to be a further restriction of immigration than that embodied in the quotas placed in effect in 1924 by the immigration act. Under the basis then put in effect and under the national-origins plan it was expected that 150,000 immigrants would be admitted each year. To work the quotas out fairly it was necessary to admit a total of 164,000 annually. Under the inaccurate quota figures now submitted as the basis under the national-origins theory the total would not be held at 150,000 either, but would be at least 153,000. And remember that these figures are still subject to change. So I say the national-origins plan was not intended to further restrict immigration. It was only another plan intended to bring in the same approximate numbers which were being admitted. So there is no ground for the charge that opposition to national origins is opposition to restricted immigration.

I believe in restricted immigration. I believe it has meant much to whatever measure of prosperity and progress we have enjoyed in later years. But I do not believe in the kind of restricted immigration which is presented us in the form of a statement of quotas based upon the national-origins plan, particularly since it has been so clearly set forth by the President and others who have studied the matter that the figures are inaccurate. Let none be led into believing that this national-origins controversy is a controversy over restricted immigration.

Then there have been the further insinuations broadcast over the land to the effect that under the national-origins plan there would be less people admitted from southeastern Europe than are now admitted, and that, therefore, the plan was one to restrict immigration from there in favor of the countries of northern Europe—Norway, Sweden, Germany, etc. How false this impression is is shown by the figures under each plan. Instead of decrease, my friends, national-origins plan would increase the number coming to this country each year from countries like Italy and Greece, while it would decrease the number who would come from Norway, Sweden, Ireland, Germany, and Denmark. There ought to be greater regard for facts and truth in dealing with this very important subject. Let us hope there will be from this time on.

There is still another unfair advantage being taken, seemingly, by those who would let the national-origins basis of immigration become effective. There is given out here and there the thought that President Hoover was not sincere in his pronouncements of opposition to the national-origins plan, and that he took this position of opposition in the campaign only to win votes from the people. It is unfortunate that any President should be charged with such a purpose. Was Mr. Hoover a candidate in 1926, when he first declared the national-origins basis to be inaccurate and the working of a great hardship upon certain peoples? Was Mr. Davis a candidate for President in 1926? Was Secretary Kellogg a candidate for President in 1926, when he joined with Secretaries Davis and Hoover in declaring the plan not practicable and its resultant quotas inaccurate?

Let this foolish thought be abandoned, if it does exist, and let there be substituted in its stead the knowledge that the President has given every proof of sincerity in his opposition to national origins and in his request upon this special session of Congress for action upon the question and its repeal.

It has also been broadcast over the land that the American Federation of Labor is in favor of the national-origins plan for immigration quotas. The truth is that the federation is emphatically opposed to the plan.

And why should not all Americans stop to ponder the advisability of permitting the national-origins basis to become the law of immigration quotas? See what is done under the plan by comparison with the quotas admitted under the present plan. Under the national-origins plan the following countries would all win increased immigration quotas: Austria, Belgium, Greece, Hungary, Italy, Poland, Russia, Spain, Turkey, Yugoslavia, Great Britain.

Now, see what happens to certain other countries:

	Immigration at present	Immigration under national origins
Denmark.....	2,789	1,181
Germany.....	51,227	25,957
Irish Free State.....	28,567	17,853
Norway.....	6,453	2,377
Sweden.....	9,561	3,314
Switzerland.....	2,081	1,707

I submit that we ought not be prejudiced in our questions of immigration. We ought to deal fairly with all people. The national-origins basis grows out of a sincere desire to do the right thing, but it has so authoritatively been declared to be an impracticable and inaccurate and harmful basis that it is unreasonable to expect the friends of Ireland, Germany, Sweden, Norway, Denmark, and Switzerland to submit to the new basis without a serious and sincere protest. They have every right to protest.

And, as an American who wants to see the honest and right thing done with relation to immigration quotas, and who wants to see immigration from those countries which have contributed most splendidly to our progress in America, I insist that under the national-origins plan we are submitting ourselves to the charge of insulting those people who have given so much to the cause of Americanism and to American growth and progress.

It has been the rugged, hardy, honest, and courageous people who have come to us from those northern European countries; it has been they who have paved the way to development of the western country. It was they who pioneered the way. It was and is they who are the mainstay of that western country, and many Eastern States, too, to-day. Before we make the national-origins plan binding let us make certain that we can demonstrate that quotas under this plan are both fairly and accurately arrived at.

It is laudable to want to base our immigration upon the percentages represented by the various nationalities present here when our Republic was being launched. But how can that be fairly and accurately done when it is known that the fires set by the British in the War of 1812 destroyed many of these census figures and facts of the earlier day? How can it be fairly done when it is demonstrated that many names which appear upon the rolls of Washington's army do not appear upon the census rolls of 1790?

When it is recognized that national-origins quotas are in part based upon the ship arrivals from abroad, and when it is known that a German arriving on a British ship is credited as having come from Great Britain, how can we seriously demonstrate the fairness of the national-origins theory?

I am not wanting to be understood as believing that the present quotas of immigration are perfect or altogether fair. But I do say that the present quotas are fairer than the national-origins quotas would be, and that the present basis ought to be maintained until a fairer basis is found for immigration.

"BASIC PRINCIPLES OF INTERNATIONAL JURISPRUDENCE"

Mr. BROOKHART. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Liston McMillan entitled "Basic Principles of International Jurisprudence."

The PRESIDENT pro tempore. Without objection, it is so ordered.

The article is as follows:

The writer submits to the reader certain international truths that he claims to be self-evident, as follows:

(1) That part of international space consisting of the sea—the world's highway—belongs to all recognized nations jointly; and they are all equally entitled to its use and enjoyment; whereby a natural peage of nations exists; and they are all subject to international common law, which in ultimate analysis is the law of the road.

(2) Where there is no court there is no law. It follows from this legal maxim, that if there is a law of the sea, there must exist somewhere an international court to ascertain and apply it to the facts of international cases as they arise; otherwise, the sinking of the *Lusitania* was not a violation of any law; which is manifestly untenable.

In 1905 the writer published a monograph on international peace, a copy of which the reader will find in the John Crerar Library at Chicago; in which he affirmed that the executives of nations, working through any given diplomatic corps, or without that instrumentality, constituted by nature the international court; each had one vote and the majority ruled in international adjudication; those appearing being deemed to acquiesce in the view of the majority of the appearing judges.

The writer still believes that doctrine; but since then a change has taken place in the situation in that, by majority treaty, an artificial world court has been organized; and the international judicial power has been delegated to it; whereby that court has authority in all con-

troveries between the peers, whether they sign the treaty or not. The claim of the writer, however, is that if this artificial world court should be abolished, the international judicial power, growing out of the joint ownership of the sea, would revert to the executives of the peerage.

(3) In order that we may see the force of that majority treaty, let us note that treaties are of three kinds:

1. MINORITY TREATIES

These are such as concern a lawful subject matter and are signed by minority of the peers. They are mere contracts, and may be broken and the breach settled in damages, or the signers may change them, or mutually abandon them.

2. VOID TREATIES

These are such as relate to an unlawful subject matter. They, of course, are void, whether signed by the minority or the majority.

3. MAJORITY TREATIES

These are such as are made concerning a lawful subject matter, and are signed by a majority of the peers. In making them the peers are acting as an international legislature. For they have the force of legislation over the entire peerage; as they express the will of the majority of the peers and can not be settled in damages in case of breach. No one can claim that the majority treaty organizing the artificial world court can be broken and the breach settled in damages. That court, therefore exists by a species of legislation, and not by contract, and can be abolished, if ever, only by majority treaty, whether original signatory powers or not.

In fact, a court can not be created by contract. If the tribunal exists by contract, it is a mere board of arbitration and its award is of no validity, unless reported to the proper court and judgment rendered thereon.

If the artificial world court is a mere board of arbitration, the natural court consisting of executives has not been superseded, and it is now the only existing international court, and the award of that board must be reported to it, and it must render judgment on it before it can be of any validity. But it has been superseded by the artificial world court, which is not a board of arbitration and is to all intents and purposes a real court, and its judgments are final—a wonderful providence, through the World War, by the hand that is guiding nations to a wonderful fruition.

(4) It follows that any peer disobeying a decree of the artificial world court is in rebellion against constituted authority.

(5) Three qualities are essential to nationality—judicial, legislative, and executive. Internationality is only quasi-national, in that it has the judicial and legislative qualities, but not the executive qualities. Hence the artificial world court has no way of vindicating its judicial power except by the drastic remedy of forfeiting the right of a disobedient peer to appear before it as a party litigant. This amounts to expulsion from the peerage. For a nation that has no standing in court can not be deemed a peer with those who have standing in it. When a nation is thus virtually expelled, its territory becomes a part of international space, and hence subject to the right of intervention that inures to any or all the peers from the expulsion.

(6) Invasion is a hostile entrance in the territory of a peer. Invasion of a peer by a peer is never lawful. For it involves the solecism of dictation by peer to peer, and the exercise of sovereignty by two peers in severally in the same territory at the same time.

When on the other hand the court expels a peer for disobedience, intervention in his territory is not solecistic, neither is it hostile when it is for the people in pacification and reorganization or to aid them in domestic revolution, though it may be hostile when it is made for the purpose of annexation.

(7) Internationality has no direct jurisdiction over the territory of a peer. For supremacy of a nation in its own territory is of the essence of nationality. But international jurisdiction develops over such territory when the World Court expels its government from the peerage for disobedience to its decree.

The World Court itself has jurisdiction only over the members of the peerage; as they are the only entities that can be parties litigant in that court.

The peerage is not a contractual union of nations; but it is such union and only such as grows out of the fact that they are joint owners of the sea. It is not as close as a national unit, nor a state unit, nor a province unit; but nevertheless there is a union or association of nations by the sea, and civilization should recognize it and work to it, whatever it may be. This natural union, however, can be made more perfect by the species of legislation presented by a majority treaty, and the artificial World Court is a great stride in this work of perfection.

A recognized nation is by nature a member of the peerage without any formal assent upon its part, and entitled to protection by the court; but if the United States conceives that its life or national honor is imperiled by decision of the court it has the right of revolution to repudiate the peerage and declare itself an Ishmaelite among nations,

and make its declaration effective by force of arms if it can; but in such case it would lose its standing as a peer in court, its territory would be subject to intervention, and there would be no court to invoke for the collection of her \$10,000,000,000 in European bonds.

But as the situation is she can get judgments for her over-due paper and procure a decree of forfeiture of the membership of the debtors in the peerage if they are not paid, and by intervention annex their territory to the United States, a procedure that possibly would be welcomed by their taxpayers, for the judgments would perish with the nations against whom they were obtained.

(8) The World Court being now a going concern and recognized by the civilized world as a court, it is such de facto if not de jure. But its electorate is so involved with the League of Nations that the peerage by a majority treaty should recognize the fact that the right to elect the judges inheres in the peerage, and fixing the time of the election by the peerage, working through the diplomatic corps at Washington or some other specified corps.

(9) As soon as such election is held the League of Nations should be transformed into a bureau of information and conciliation, or it should be dissolved by the World Court on the ground that it is contrary to international public policy in three respects, as follows:

(1) The articles were drawn on the Bryan theory of an invader waiting for a time to cool off and in forgetfulness of the tort in the invasion of Belgium, and accordingly they recognize invasion as lawful and merely attempt to regulate that practice, and thus impede the work of the peerage in outlawing invasion of the territory of any peer.

(2) It is sailing under false colors in that it styles itself as the League of Nations, whereas it is in fact a league of nations and provinces.

(3) It usurped power and acted imperially in mandating the German Islands in the Pacific to Japan.

No power could dispose of any German territory after the German Republic was formed until the Republic was expelled from the peerage.

(10) International common law exists not by legislative enactment nor by convention of any kind but by judicial recognition in the exercise of reason on the facts of the cases as they arise; and the golden rule is of its essence as recognized by the Founder of the Christian religion—the prevailing religion of civilization; which recognition justified the recognition by President Roosevelt that that rule is the basis of the association of nations by justice (40 Cong. Globe 97).

ANNOTATION

To illustrate how the World Court may be utilized let us consider the case of the German Republic; the debt of the German Empire, whether bond or indemnity, perished with it. The German Republic, being unaware of this principle, paid off the imperial bonds in a currency so inflated that the bondholders received only a nominal sum in real money, and thus many of them were impoverished. It issued bonds to the Allies to pay their indemnity claims against the empire. These are void, being extorted by the sword and without consideration. But the Republic is liable for its fair share of the cost of the world's pacification, it being one of the chief beneficiaries of the death of imperialism. These claims are still open for settlement. If they can not be settled by negotiation, they may be settled by the Allies filing a petition in the World Court to ascertain the amount due. When ascertained they should be settled by 30-year bonds at 4 per cent annual interest, and the United States should exchange its allied bonds for the bonds of the Republic—dollar for dollar. This would relieve the Allies to a great extent and place that debt where it belongs. These bonds would be paid, for if the Republic did not pay them, the court would expel her from the peerage, whereby she would lose her joint ownership of the sea and her vessels would be in a state of piracy for want of a clearance by a peer.

LISTON McMILLAN.

WORKING CONDITIONS IN SOUTHERN TEXTILE MILLS

The PRESIDENT pro tempore. The Senator from Utah [Mr. Smoot] is entitled to the floor on the unfinished business.

Mr. WHEELER. Mr. President, will the Senator from Utah yield to me?

Mr. SMOOT. I yield.

Mr. WHEELER. I desire to ask that the clerk may read a telegram which was sent by Mr. Edward McGrady, representative of the American Federation of Labor, to Frank Morrison, secretary of the American Federation of Labor, with reference to conditions in Elizabethton, Tenn.

Mr. SMOOT. Will not the Senator let it go in the RECORD without reading?

Mr. WHEELER. I would like to have it read. It will take but a moment.

The PRESIDENT pro tempore. May the Chair suggest that it will probably lead to debate?

Mr. SMOOT. Not while I have the floor.

The PRESIDENT pro tempore. Without objection, the clerk will read, as requested.

The Chief Clerk read the telegram, as follows:

JOHNSON CITY, TENN., April 30, 1929.

FRANK MORRISON,

American Federation of Labor, Washington, D. C.:

Persecution, prosecution, and hunger are the weapons now being used to drive the young womanhood and manhood of Elizabethtown, Tenn., back into industrial slavery. Thousands of these workers have come from the mountains and valleys of the surrounding territory to work in the mills. They have boarded in the vicinity of the Bemberg Glanzstoff properties.

Boarding-house keepers in the last 48 hours have been having these young men and women arrested because they have been unable to pay their board bill. Young women, from 17 to 20 years of age, have been cast behind the jail bars because they owe \$10. Among the young men arrested was one youth of 15. The union, of course, is bailing them out as fast as they are arrested. Merchants of the town, who have been selling food supplies to the union to be distributed among the needy strikers, have been warned not to sell any more goods.

To-day a committee awaited upon Governor Horton at the capitol. This committee, I am informed, was composed largely of the business men who acted as kidnapers and violators of the law in the recent outrage in this valley. The governor received this band of intimidators. What took place at the conference is not known, but this afternoon the sheriff was instructed to swear in 50 extra deputies, and I am informed he was even given the names of whom should be sworn in. These deputies are reporting at 5 a. m. Tuesday. These new deputies augment members of the militia who are on guard. I am further informed that an attempt is to be made to bring in strike breakers. These imported strike breakers are not mill workers. They are being brought in so that riots will take place in order to enable the governor to declare martial law. The spirit and determination of the workers is as sound as ever, but they must be fed. Five thousand five hundred men, women, and children are battling against unheard-of oppression, and in addition to this they are facing starvation. The representatives of the American Federation of Labor are still preaching peace and asking for conciliation, but if trouble arises the blame can be placed on these industrial autocrats who are secretly planning for disorder in order that the militia might be used to crush the strike. I beg of you to warn the administration in Washington, Members of the United States Senate, the Governor of Tennessee, and the press of the true state of affairs.

EDWARD F. MCGRADY.

THE TARIFF

Mr. SIMMONS. Mr. President, I wish to ask the unanimous consent of the Senate for insertion in the RECORD of a speech recently delivered by the junior Senator from Massachusetts [Mr. WALSH] at Philadelphia on April 27, at the annual meeting of the American Academy of Political and Social Science.

Mr. President, I am asking for the insertion of this speech in the RECORD because, in the main, it meets my own views with reference to the important question of the tariff that is now in the public mind; and it not only meets my views but expresses views similar to those expressed by myself in a recent meeting of some of the minority Members of this body.

The PRESIDENT pro tempore. Without objection, the request of the Senator from North Carolina is acceded to.

The address is as follows:

Tariff is fundamentally a domestic question. Each nation has a sovereign right to decide the kind and exact degree of tariff barriers which it chooses to erect. That foreign countries have no right to interfere with the tariff program of any other country is an accepted international doctrine.

Whenever a nation, particularly a financially strong nation, contemplates changing its tariff foreign countries naturally become vitally interested. Every country is to some extent more or less interdependent on some other country or countries for some of its essential commodities, for no country produces everything it needs. Each country depends on other countries to some extent for its markets. Thus all countries are constantly striving to hold and to extend their trade.

A tariff program which considers only the interests of its own nation is shortsighted, especially if it is concerned about maintaining or developing foreign trade. Neither can a "dog-eat-dog" policy endure. In that direction war and chaos abideth. Such policies breed misunderstandings and hatreds and create unfriendly feelings which find their way into the international press and international gatherings. Joint reprisals, import and export restrictions, and other more or less drastic attempts to fight the offending nation with newly invented economic weapons are the immediate and direct result. If any nation goes too far the result may be a solidarity of nations in tariff matters which would be disastrous to the export business of that nation.

The movement in the United States at the present time to revise tariff rates and the assumption that they are to be revised upward has stirred up a tide of foreign fear and suspicion. Telegraphic warnings from American consuls and commercial attachés throughout the

world furnish evidence of the necessity of proceeding sanely and prudently unless a world tariff war may become eminent. Already campaigns for discriminatory duties against American exports have appeared in various parts of Europe and South America. Our threatened tariff revision frequently has been referred to as "the hostile economic policy of America."

The principle of reciprocity which has been called the handmaid of protection, and which should govern the relations between nations, also justifies a consideration of the effect of a nation's tariff policy upon foreign countries.

No one can deny the United States the right to consider the figures as to what we gain and what we lose by a contemplated change of tariff policy, but this can be done without engaging in a bitter economic rivalry across national boundaries that will create international misunderstandings. It is wise statesmanship, therefore, in drafting laws which particularly relate to international commerce not to demand from others what we are not willing to give them. Neither should a nation be expected to give to others what they are unwilling to give it.

In readjusting tariff rates certain general principles should be recalled and followed. Foremost among these principles is that national wealth is increased by foreign trade. Selling of goods abroad must not be a temporary refuge sought only in times of storm. Foreign trade is not and never can be established on any permanent basis for any nation until it becomes a policy of exchanging of goods in which both the buyer and seller profit.

There are three ways in which export trade can be carried on: First, selling for cash; second, selling on credit; and, third, exchanging other goods—imports. But for all the exporters to receive cash from a foreign country over a long period of time is manifestly impossible. Credit does not pay for goods; it only puts off the settlement. The only way in which foreign buyers can pay for their goods over a long period of time is through imports. It is possible for a nation to satisfy all its needs by specializing in many products and sending abroad quantities not needed at home and by importing those goods which it can not produce successfully or sell when produced at a reasonable price.

Another principle is that world peace can be jeopardized by extreme and selfish economic policies. Mere absence of war does not mean peace. There is no real peace when nations are growing increasingly suspicious of each other and are contending with each other in bitter economic rivalry across national boundaries. Peace comes from international understanding. This international understanding is brought about by the gradual elimination of misunderstandings and freely conceding the right to let others live their own lives as they see fit so long as their choice does not interfere with the happiness of the rest of the world. No one can deny or should interfere with the consistent and unselfish support of national rights and economic security on the part of each government. It is, therefore, the duty of all who seek world peace to help break down all unnecessary and unreasonable barriers to commerce and to revise and simplify commercial relations. All this makes mutual understanding possible.

The American Government in its tariff policy should stand for those certain definite principles that it recognizes the right of other governments to adopt in their trade relations. It should not support a policy of exclusion of the goods of other countries or engage in a scramble for spoils at home, especially by the granting of privileges that benefit the few at the expense of the many.

Is there a formula we can use in the solution of this tariff problem which protects American industries and one that can not be successfully challenged by other countries? It must be sound, safe, and satisfying to every interest that seeks a square deal rather than special advantage. What is that formula which embraces sound domestic and international principles on the tariff? It is the application of the principles of a competitive tariff.

This formula I submit in substitution for the embargo policy covertly advocated to-day by extreme protectionists. Any tariff revision should accept the principle that the manufacturers of this country must not be swamped with a flood of foreign goods made by cheap labor abroad and in competition with high wages at home. I concede even that a protective tariff should create a slightly higher advantage for domestic producers and manufacturers. However, anything in excess of a competitive basis must be opposed as being unfair both to our people and to other nations.

The American Government is and must be perfectly willing to aid every industry—agriculture, manufacturing, and mining—through the benefits of a competitive rather than through a tariff of exclusion. Anything in advance of such a formula is exploitation of the American consumer and a move in the direction of economic isolation.

The consuming public of the United States have the right to the enjoyment of a principle of protection. But the protection they seek is against domestic exploitation, while the protection sought by the producer is against foreign exploitation of the domestic market.

In levying tariff rates justice should be done the farmer. The agricultural as well as the manufacturing industry is entitled to that. But if rates are to be "primed up" both for the manufacturer and the agriculturist through an alliance of self-interest in disregard of

the consumer, then such rates should be opposed, even though labeled "relief."

With the principles above outlined conscientiously and judiciously applied to the interest seeking tariff protection, we should adamantly fight all attempts to convert the tariff protective principle into a scramble for spoils or into a mere temporary advantage to certain favored industries over economic rights of those nations that apply the same principles in tariff-schedule building. A tariff policy of privilege to favored interests, however powerful politically, a policy of favoritism, or a bargain-counter policy is indefensible and a grave injustice. We must also oppose vigorously the substitutional idea now being urged in place of tariff rates based upon competition in like commodities. This theory is vicious and ruinous.

The conciliatory attitude of the nations of the world toward the United States should be based not merely upon respect for our combatant military strength nor for the incalculable potential war resources of the United States but in part, at least, upon respect for our generous, charitable, and reasonable consideration of the economic rights of other nations.

FARM RELIEF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1) to establish a Federal farm board to aid in the orderly marketing, and in the control and disposition of the surplus, of agricultural commodities in interstate and foreign commerce.

Mr. SMOOT. Mr. President, I have had prepared a statement which I desire to present to the Senate at this time in relation to section 10 of the pending bill referring to the debenture plan. I shall confine myself entirely to that subject this morning, for I not only believe that that section embodies an unworkable provision, but that it would bring retaliation upon us from most of the countries to which we export our farm products.

I wish to say that with section 10 eliminated from the bill and, perhaps, with one or two other changes of a minor character, I sincerely hope that the measure will not only pass the Senate and the House of Representatives, but will be signed by the President of the United States.

Mr. McMASTER. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from South Dakota?

Mr. SMOOT. I yield.

Mr. McMASTER. I merely wish to make a suggestion to the Senator from Utah. I suggest to the Senator from Utah that after he has explained his position in reference to the debenture plan, the Senate will also appreciate it if he will state just what benefits will be derived from the bill without the debenture plan, and some of the concrete advantages the farmers will receive through the passage of the remainder of the bill, and how it will work out.

Mr. SMOOT. Mr. President, before the bill shall pass, I may comply with the request of the Senator from South Dakota, but to-day I am going to confine myself to the one subject which I have indicated.

As the Senate will remember, when the farm bill was before this body in the last Congress the question arose as to the amount of money that would be necessary in order to provide for an orderly distribution of the farm products of the United States, and, in an interruption which I made in the speech of the Senator from Nebraska, I then outlined my views in just about as few words as possible. I made the statement at that time that, if it were necessary, I would willingly support an authorization of \$500,000,000 for the purpose of arriving at the one point that we all, I believe, desire to reach. So I am not worried at all about the amount of \$500,000,000 provided for in the bill. I think that it will not be too much if the proposition shall be handled in a businesslike way, and, if it shall not be so handled, very little good will ever come from the proposed legislation.

However, to me, Mr. President, the one section of the bill which is unworkable, as I have already stated, is section 10. Therefore I have had prepared a complete statement, which, I think, will show the results of the operations of section 10 of this bill as affecting our exports of farm and other products to foreign countries that have enacted legislation which, if put into operation, would wipe out entirely all the advantages that would come to the farmer if he received every cent of advantage which this bill intends he should receive.

Mr. ROBINSON of Arkansas. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. SMOOT. I yield.

Mr. ROBINSON of Arkansas. The Senator has stated that he has had this statement prepared. Will he inform the Senate by whom he had it prepared?

Mr. SMOOT. Certainly, Mr. President. I have had it prepared by the Department of Commerce as to the laws of all foreign countries affecting bounty-fed articles that may be exported into such countries, which are the same largely as our own law.

We have in section 303 of the tariff law a provision which I might as well read now. It is as follows:

Sec. 303. That whenever any country, dependency, colony, province, or other political subdivision of government, person, partnership, association, cartel, or corporation shall pay or bestow, directly or indirectly, any bounty or grant upon the manufacture or production or export of any article or merchandise manufactured or produced in such country, dependency, colony, province, or other political subdivision of government, and such article or merchandise is dutiable under the provisions of this act, then upon the importation of any such article or merchandise into the United States, whether the same shall be imported directly from the country of production or otherwise, and whether such article or merchandise is imported in the same condition as when exported from the country of production or has been changed in condition by remanufacture or otherwise, there shall be levied and paid, in all such cases, in addition to the duties otherwise imposed by this act, an additional duty equal to the net amount of such bounty or grant, however the same be paid or bestowed. The net amount of all such bounties or grants shall be from time to time ascertained, determined, and declared by the Secretary of the Treasury, who shall make all needful regulations for the identification of such articles and merchandise and for the assessment and collection of such additional duties.

Mr. ROBINSON of Arkansas. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. SMOOT. I yield.

Mr. ROBINSON of Arkansas. Mr. President, the paragraph of the law which the Senator has just read manifestly relates only to manufactured products and merchandise.

Mr. SMOOT. It says, "Any article or merchandise manufactured or produced."

Mr. ROBINSON of Arkansas. Yes. Does the Senator think that where a country is anxious to secure agricultural commodities at a low price it would resent an arrangement by which the United States or its citizens would export agricultural commodities in increased volume?

Mr. SMOOT. If the Senator will wait until I present to the Senate the laws of other countries he will find that they do not apply only to manufactured articles. I had intended to call the attention of the Senate to that fact before I concluded, for I have before me excerpts from the laws of 12 or 15 countries bearing on this matter.

Mr. BORAH. Mr. President, will the Senator permit me to ask him a question?

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Idaho?

Mr. SMOOT. I do.

Mr. BORAH. Is it not true that laws which are similar in principle have been enacted in other countries covering the importation of manufactured goods as well as the importation of agricultural commodities?

Mr. SMOOT. They have; and I shall read excerpts from those laws enacted by various countries which have been furnished by a department of this Government and which will bear out the statement I have just made and the statement which the Senator from Idaho has just made.

Mr. BORAH. The reason I asked the question is this: Are we going to cease levying protective-tariff duties because foreign countries have passed such laws, or are we going to do, as we undertook to do some ten or fifteen years ago, apply the principle to agricultural products alone?

Mr. SMOOT. That is for Congress to say. I am going now to call the attention of the Senate to the condition existing in the world to-day, and then it will be for the Senate and the House of Representatives to decide whether the laws of foreign countries will be a detriment to us, providing the pending farm relief measure shall become a law.

Mr. BORAH. I do not wish to interrupt the Senator, but let me say that laws of this kind have been enacted by different countries, designed to build up and protect their own industries and their own interests.

Mr. ROBINSON of Arkansas. And especially their manufacturing interests.

Mr. BORAH. Yes. We have paid no attention to those laws whatever when we have come to levy duties upon manufactured goods in this country, but as soon—and this is not the first time it has happened—as we undertake to apply in a practical way the protective principle to agriculture, we become very much frightened because of what other countries may do by way of retaliation.

Mr. SMOOT. If the Senate will bear with me, when I put the laws of foreign countries in the Record, those who are present and those who may not be present but who will read them in the Record, I think, will conclude that the adoption of the debenture plan is not the best thing for us to do under present conditions.

Mr. JOHNSON. Mr. President, will the Senator yield to me for a question simply in the interest of clarity?

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from California?

Mr. SMOOT. Yes.

Mr. JOHNSON. Is it or is it not a fact that all of the laws to which the Senator refers especially except food products?

Mr. SMOOT. No; the Senator is mistaken.

Mr. JOHNSON. I was curious to know the fact; that was all.

Mr. SMOOT. Mr. President, if the export debenture plan is to be successful in its purpose of affording a profitable means of disposal abroad of an exceptional surplus in the United States of agricultural commodities or their food products, consideration obviously need be given to possible reactions abroad to such a plan. Some concern has been expressed lest the adoption of this plan by the United States lead to such measures on the part of foreign countries as will offset the benefits for American agriculture sought by the plan, or even possibly lead to retaliatory action against these or other American products that may be more harmful to the United States as a whole than beneficial to our particular agricultural producers for whom the plan is designed.

Section 10 of the bill introduced into the Senate by the chairman of the Committee on Agriculture and Forestry, on April 23, 1929—S. 1—provides that Government debentures may be issued to exporters of agricultural products in the amount of one-half of the tariff on such products—or 2 cents a pound on cotton so long as that remains duty free—such debenture to be redeemed by being made legally acceptable for the payment of import duties. By thus paying premiums upon exportations it is apparently the plan to raise the domestic price for these farm products above the world prices by as near as possible the amount of the debenture issued. In so far as the plan essentially contemplates the disposal of the surplus of American agricultural products abroad for less than the price prevailing at home, the practice comes within the scope of what is commonly referred to in international commercial policy as "dumping." In so far as that "dumping" is facilitated by the issue of debentures or other practices, it would appear to fall within the category of practices generally referred to in international discussions as "exporting under bounty."

An analysis of the probable reactions of foreign countries to the proposed debenture plan or any similar program adopted by the United States therefore needs to consider: First, which foreign countries now have laws penalizing or imposing offsetting duties on goods sold into their territories for less than in the country of origin, or exported under benefit of bounties; second, in the light of the known commercial policy of the principal foreign countries, is such a program on the part of the United States likely to be welcomed as affording cheap supplies of essential materials, or is it likely to meet opposition because of the injurious effects upon the producers in those countries, and, if the latter, from what direction are the retaliatory measures likely to come, and of what nature are they likely to be?

FOREIGN ANTIBOUNTY MEASURES

A good many foreign countries now carry on their statute books authority to their governments to impose countervailing duties upon, or otherwise penalize, the importation of foreign goods on which an export bounty or subsidy has been paid. Legislation similar to that embodied in section 303 of our own tariff act of 1922 is found in the laws of at least seven countries of Europe—Austria, Belgium, Czechoslovakia, France, Portugal, Spain, and Switzerland—four important countries of the Orient—Japan, Australia, New Zealand, and the Union of South Africa—and in at least one country in Latin America—Argentina. Memorandum (A) reproduces the provisions from the laws of those countries against bounty-fed imports.

FOREIGN ANTIDUMPING MEASURES

In the authority for measures to counter injurious competition of this sort not all countries make a clear distinction between bounty-fed and "dumped" goods. Straight antidumping legislation of the sort carried by our own law, which would impose upon products sold abroad for less than the home market price an additional or dumping duty equal to the amount of such difference, is not as general among foreign countries as the authority for countervailing duties on bounty-fed goods. At the present time definite antidumping legislation is found principally in the major British dominions—Canada, Australia, New Zealand, and the Union of South Africa. Japan provides addi-

tional duties on the sale of foreign goods at unreasonably low prices. The proposed new Rumanian tariff carries an antidumping provision.

A summary of antidumping legislation in the principal foreign countries where found is shown by memorandum (B).

LIKELIHOOD OF RETALIATORY ACTION

The fact that the imposition of antibounty or antidumping duties in foreign countries has been the exception rather than the rule is not in itself significant. This has been due mainly to the absence of such practices on a large scale in recent years. Such dumping as there may have been on the part of European countries has been met largely by the imposition of depreciated currency surtaxes, the depreciation of the currencies having been the cause of such experiences as there have been during the last decade of goods being sold abroad at artificially low prices. The general prevalence of laws in the matter indicated that the shipment of bounty-fed goods is regarded as "unfair practice," justifying countervailing duties or other offsetting penalties.

Moreover, even the fact that a given country does not now have on its statute books legislation against such practices is not sufficient criterion as to what the reaction of that country would be to such a program on the part of the United States. In many countries the Government or the administration has broad powers to meet emergencies, or else special legislation could be hurried through if a serious new situation arose. The likelihood of retaliatory action would seem to depend rather upon whether the forced selling of our surpluses abroad below home prices, particularly with the aid of some form of bounty or premium, would arouse the fears of producers in other countries, or would be welcomed as an opportunity to get supplies of essential materials at low prices.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. SMOOT. I do.

Mr. ROBINSON of Arkansas. Why does not that argument apply to manufactured products with equal force as to agricultural products, if not greater?

Mr. SMOOT. It will do so.

Mr. ROBINSON of Arkansas. We sell in almost every country in the world manufactured products cheaper than we sell them at home. Everyone knows that. Why should a policy be rejected because it contemplates something of the same nature with respect to farm products?

Mr. SMOOT. Mr. President, of course in this case the laws of foreign countries will apply to those same commodities. There are very few, however, of those referred to by the Senator, and in this case there are very few that make the same class of goods. That is one reason.

Mr. ROBINSON of Arkansas and Mr. NORRIS addressed the Chair.

The PRESIDENT pro tempore. To whom does the Senator yield?

Mr. SMOOT. I yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Does the Senator assert that there are very few commodities which are manufactured in the United States and sold abroad cheaper than at home?

Mr. SMOOT. I said there are very few countries in Europe where those goods were sent that were making the same goods. I know there are such articles in England; I know that there are such articles in Germany; I know that there are such articles in a few of the countries.

Mr. ROBINSON of Arkansas. Yes; the principal countries. We sell manufactured articles in the principal countries with which we trade abroad cheaper than they are sold at home.

Mr. SMOOT. That used to be the case, Mr. President. Years ago that was a common practice, but to-day it is not a common practice. American institutions to-day have plants in nearly all those countries, and in the case of most of the goods that were formerly sold cheaper abroad than here they are now manufacturing the goods right in those same countries. In the case of the steel industry—

Mr. NORRIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. In the case of the steel industry, which exports goods all over the world, the prices in the United States are about the same as the prices for which the goods are sold in foreign countries.

Mr. SIMMONS. Then what is the use of the tariff on those things?

Mr. SMOOT. There is no tariff on a great many of them.

Mr. NORRIS. Mr. President, I am trying to observe the rule. If Senators who do not observe the rule are to be favored, then I am going to break the rule myself.

The PRESIDENT pro tempore. The Chair put the interrogatory to the Senator from Utah, "Does the Senator from Utah yield to the Senator from Nebraska?"

Mr. SMOOT. I want to say to the Senator from Nebraska that I had no intention whatever of acting discourteously to him.

Mr. NORRIS. I do not claim any discourtesy.

Mr. SIMMONS. Mr. President, it was my fault. I violated the rule, and I apologize to the Chair.

The PRESIDENT pro tempore. The Senator from North Carolina apologizes. Does the Senator from Utah yield to the Senator from Nebraska?

Mr. SMOOT. Yes; I yield.

Mr. NORRIS. Mr. President, I wanted to ask the Senator a question. If this has been the practice, as he says it has, and if it is just the same as this bill contemplates, as he says it is, then I want to ask him if these foreign countries have, for the reasons stated, ever kept out or imposed a penalty on the manufactured goods that have thus gotten into the foreign countries cheaper than they are sold at home?

Mr. SMOOT. I could not say, Mr. President. I know this: Take Germany, for instance, with her cartel system. She sells all over the world cheaper than she does in her own country.

Mr. NORRIS. If the Senator is opposing this particular provision on the ground that foreign countries will keep out the article or penalize it if it is put in, when we get the tariff bill here will the Senator also oppose any tariff where it is shown that the manufacturers are selling cheaper abroad than they are here? In other words, will he apply to the manufacturers the same doctrine that he is applying now to the farmers?

Mr. SMOOT. Mr. President, that question will come up when the tariff bill is before the Senate—

Mr. NORRIS. Yes; it will come up. There is no doubt about it.

Mr. SMOOT. And I am perfectly willing to deal with it at that time.

Mr. ROBINSON of Arkansas. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. SMOOT. I should like to proceed with my statement, Mr. President.

Mr. ROBINSON of Arkansas. Of course, if the Senator declines to yield, I will not interrupt him. I merely wanted to say to him that in the meantime the Senator can have the Department of Commerce prepare his answer.

Mr. SMOOT. That may be all right to the Senator, but this is not an answer. I stated in the first place that it was prepared, and I wanted it prepared because of the fact that I had not the laws. The laws have been copied, and I have them here. If the Senator objects to that, I am sorry.

Mr. ROBINSON of Arkansas. I do not object to it, but I should like to analyze it.

Mr. SMOOT. The Senator can do that in his own time.

Mr. ROBINSON of Arkansas. I will not interrupt the Senator.

Mr. SIMMONS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from North Carolina?

Mr. SMOOT. Mr. President, I will say to the Senator that I am not going to get into a discussion of the tariff at this time.

Mr. SIMMONS. I do not interrupt the Senator for that purpose. I interrupt the Senator, with his permission—I suppose I have that—in order that I may understand clearly what he stated a little while ago with reference to dumping on the part of the manufacturers of this country. I understood the Senator to say that formerly there was a great deal of dumping on the part of American manufacturers.

Mr. SMOOT. Selling goods at a lower price in a foreign country than in this country—there was.

Mr. SIMMONS. And I understood the Senator to add to that the statement that that practice had practically disappeared, and that the reason for its disappearance was that there was no necessity for it, in view of the fact that manufactured products in the countries to which we send our products were just about as high as they were here. Did not the Senator say that?

Mr. SMOOT. I said in some cases, with a few manufacturers and a limited class of goods.

Mr. SIMMONS. Did not the Senator say that that was so extensive and so far-reaching that it had cured the fever for antidumping laws which he described as heretofore existing?

Mr. SMOOT. I also stated that in the case of many of the items that were sold in foreign countries cheaper than they were sold in America the manufacturer had established factories in the foreign countries and made them there, and hence there was no necessity at all of shipping goods from America

into those countries at any cheaper price than they are sold here.

Mr. SIMMONS. In other words, the Senator means to say that he said the level of prices in foreign countries in recent years had been so much raised, by some process or other, that there was no incentive for dumping, because the American manufacturers can get a satisfactory price in the foreign market?

Mr. SMOOT. Mr. President, I do not propose to have the Senator put words into my mouth. I said that there were some few products manufactured in the United States—and I mentioned steel products as among them—that were manufactured as cheaply in the United States as they were in any country of the world, or nearly so.

Mr. SIMMONS. Let me ask the Senator another question, and then I will not disturb him any longer. Did not the Senator imply, at least, in his former statement that this increase in the price of manufactured products in other countries had been so general and so extensive as to stop the practice of dumping on the part of the American manufacturers?

Mr. SMOOT. No, Mr. President; I did not imply any such thing, nor did I say any such thing.

Mr. SIMMONS. I think the Senator stated it.

Mr. FLETCHER. Mr. President, may I ask the Senator one question?

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Florida?

Mr. SMOOT. I do.

Mr. FLETCHER. I understood the Senator to say that many American manufacturers have established plants in foreign countries—

Mr. SMOOT. A few have.

Mr. FLETCHER. And are making their goods over there.

Mr. SMOOT. They are.

Mr. FLETCHER. Does the Senator mean to contend that our antidumping legislation and our tariff legislation is encouraging American manufacturers to go abroad to manufacture their goods and invest their money in foreign countries?

Mr. SMOOT. The antidumping legislation here has nothing whatever to do with that. That is a mere matter of arithmetic, a mere matter of extending business, and a mere matter of making the goods there with the cheaper labor, which they sell to the cheaper market. Many of the items, such as sewing machines, farm implements, and items like that, are made in foreign countries.

Mr. SMITH. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from South Carolina?

Mr. SMOOT. I will yield, and then I am going to complete what I have to say, after which I will answer any questions any Senator may have to ask; but I shall ask that I be not interrupted again until I have concluded.

Mr. SMITH. I was interested in listening to the Senator's opening remarks to the effect that there is retaliation because of the action of our manufacturers being considered a dumping process, putting our surplus on the foreign market at prices lower than those which we charge our own people. The Senator answered an inquiry of the Senator from Arkansas, as I understood him, by saying that under the operation of the tariff we are not now dumping any of our tariff-protected goods abroad at prices cheaper than those charged here, and that the equilibrium has been established. I was curious to know, then, why there was any necessity for a tariff bill.

Mr. SMOOT. Again, I will say to the Senator, I referred to a few items, and only a few, and I had no reference to the general line of manufactured goods in the United States.

I do not think I need to repeat that in order to shorten up the domestic supplies so as to advance the market price in the United States to any desired level considerably larger quantities than the normal of wheat, corn, meats, or other agricultural commodities would presumably have to be thrown upon the world markets. If the quantity is substantial enough, some depression of world market prices for the particular commodity might be expected, with this depression reaching back even to the farmers in those countries which are not the direct recipients of our export surpluses.

Generally speaking, the answer would depend upon whether or not there is severe enough conflict of interests. If our shipments abroad of quantities of staple agricultural products at prices below those prevailing in the United States do not conflict with the interest of a particular country, those shipments will probably be welcomed. On the other hand, if they do conflict there is likely to be either invocation of existing antidumping or antibounty laws or agitation for the adoption of increased duties against these or other importations from the United States or retaliatory measures of other forms.

Practically regarded, the answer to this question varies with particular products. At the one extreme stands raw cotton, a desired raw material in most of the consuming countries rather than a competitive product; and the opportunity to get supplies from the United States at lower prices will probably be generally welcomed. In between stand those products that might be typified by rice, where the small export surplus that the United States might have would hardly be sufficient, compared with world production, to depress general prices, and in this type of product little reaction might be expected from the foreign countries. The real problem arises in connection with those products that are more largely competitive with similar products produced in other countries, and of which the United States has a substantial export surplus, the weight of which it can bring to bear upon world markets. This type is probably best illustrated by wheat and pork, or, to put it generally, cereals and meats. A judgment of the probable reaction of foreign countries to any measure that contemplates selling large quantities abroad at lower prices than at home, with or without the aid of a bounty or premium, calls for closer analysis.

PRESENT EUROPEAN PROTECTIVE ATTITUDE ON CEREALS AND MEATS

The big buying markets for cereals and meats are the countries of Europe, particularly western Europe. The period when the European countries were particularly eager to obtain foodstuffs for their peoples at low prices, to the point of waiving duties and similar measures, has pretty much passed. The pre-war agrarian tariff policy has been revived in most countries, who are now trying seriously to protect their home markets for their own agricultural producers.

Thus, after a considerable period of duty-free admission of certain staple foodstuffs, Germany, Italy, and Portugal have restored their import duties on wheat and other cereals during the last five years, and France and Germany have restored their duties on meats. Spain and Portugal have been alternately prohibiting and permitting the importation of wheat, in accordance with the adequacy of the particular year's crop. France, Italy, Sweden, Poland, Austria, Yugoslavia, and Greece all maintain sizable protective duties against imported cereals, and in some cases also against meats, and the majority of these countries have, within the last few years, increased the amount of tariff protection to their domestic producers of these products. Rumania and Bulgaria, large producers of cereals beyond their own needs, have recently reduced or suspended certain of their export duties, in the effort to facilitate the disposal of their surpluses abroad.

It is reasonable to expect that since the agrarian elements in these countries have had the strength to bring about the present tariffs and restrictions on the importation of foreign competitive products, they would probably bring heavy pressure to bear upon their governments to make effective the tariff protection accorded them, namely, by advancing the duties, or in some other way meeting the depressing effects on domestic prices of the increased volume of American grain or meat offered at cut prices.

POSSIBLE REACTION OF COMPETITIVE SUPPLIERS

The possibility should also be considered of the competing supplier of cereals and meats, such as Canada, Australia, Argentina, and Rumania—resenting our export-promotion methods as unfair competition in common markets. While they could not retaliate directly against these dumped products, they might impose additional duties on our manufactured goods shipped to them. There is even the possibility that there would be stimulated a movement for increased preferential tariffs within the British Empire, with the protests from Canada and Australia perhaps hastening the adoption by England of a duty on foreign foodstuffs—to offset the American price cutting—which would then be rebated to empire foodstuffs.

ENCOURAGEMENT TO SIMILAR PRACTICES BY OTHER NATIONS

If the United States adopts the export debenture plan, consistency would call for the repeal of provisions now in our tariff law penalizing goods dumped in the American market, or sold here with benefit of bounty. There would thus be removed the protection that our industries have had for years against the destructive competition of foreign goods dumped into this market for less than home prices, or under the stimulation of export subsidies or subventions. One need but recall the alarm in the American industry only a few years ago over the threatened dumping of Indian pig iron, or the products of the German iron and steel cartel, to visualize the important protective safeguard that would thus be removed from many industries in the United States.

Moreover, the strong position that the United States has taken against artificial controls of international trade in essential materials on the part of foreign countries—as in the case of the

British export restrictions on rubber; the Brazilian control of coffee; the Franco-German export sales arrangement for potash; the Mexican monopoly control of the sale of sisal for binder twine—are obviously likely to be very much weakened by the adoption of a plan for governmentally subsidized and sponsored forced selling abroad of our agricultural surpluses, irrespective of the home or previous world market prices for the particular commodities.

The American change of position on this important matter of artificial trade controls would not only undo the work of years on the part of the United States and others in trying to develop a world sentiment against such practices but might even encourage other foreign countries struggling with problems of profitable disposal of their surplus products to follow the example of the greatest commercial country of the world in the adoption of similar methods of stimulating the sales of their products in foreign countries. The injury that can be inflicted not only upon our industries but upon our agricultural producers through the revival and possible extension of artificial trade-control methods on the part of foreign countries may not only offset but far exceed the benefits that the export debenture plan is expected to bring to the American producers of surplus agricultural products.

CONCLUSION

It may well be that in actual practice nations may go on enduring unfair practices on the part of other nations for a long time before resorting to reprisals. Moreover, the general condemnation by world opinion that might follow the American adoption and operation of the export debenture plan, which will doubtless be regarded by foreign countries as governmentally recognized export dumping under bounty, may possibly not have the result foreshadowed of encouraging the revival or adoption of similar practices by other countries by the very deterrent effect of the opposition to the American example. However, if the export debenture plan is to operate with sufficient strength to afford any appreciable relief or advantage to any large number of producers in the United States, there would be inevitable pressure upon producers in other countries, which is bound to result in widespread ill will and protest in foreign countries against the United States, if not actual retaliation. These possibilities, joined with the likelihood of the benefit sought by the export debenture plan being nullified by the offsetting measures taken by foreign countries, suggest the advisability of giving careful consideration to the international implications and possible reactions in the drafting of agricultural relief measures.

MEMORANDUM A

FOREIGN COUNTERVAILING DUTIES ON BOUNTY-FED GOODS

[Extracts from laws]

Part I.—Europe

AUSTRIA

(Law of September 5, 1924)

In regard to goods upon which a direct or indirect export bounty is granted in the country of export the Federal Government may, by, and with the advice of the principal committee of the National Council, establish by ordinance a duty or surtax to the amount of the bounty as granted; it is, moreover, empowered to increase up to one-third of the rate provided in the tariff the duties on industrial products of countries which have not ratified the Washington convention of 1919, limiting the hours of work and which in their present labor regulations are considerably below the provisions of the said convention.

BELGIUM

(Law of January 30, 1893 (No. 2218))

ART. 2. The Government is authorized to establish on the importation of such goods as enjoy a direct or indirect bounty on export from the country whence proceeding or originating a countervailing duty equal to said bounty.

Above is reaffirmed by article 8 of the law of October 10, 1900, and by article 5 of law of May 8, 1924.

CZECHOSLOVAKIA

(Law of June 22, 1926 (effective July 14, 1926))

ART. VIII. If goods imported into Czechoslovakia from any country menace the national production through unfair competition, resulting from special governmental dispositions of any kind, such as by the granting of favors upon exportation or otherwise, with the introduction of longer working hours, or other unfavorable social conditions of labor, and the like, or resulting from depreciated currency, measures shall be taken adequate for the indispensable protection of domestic production, and in particular by fixing a special duty or a surtax or by limiting importation. For the observation of such phenomena the Government shall appoint a board ("consulta") for which there shall

be proposed two members by the minister of industry and commerce, two by the minister of finance, and two by minister for agriculture.

Mr. LA FOLLETTE. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Wisconsin?

Mr. SMOOT. Let me give this in regular order and then I shall be glad to answer any questions.

Mr. LA FOLLETTE. I just wanted to ask the Senator, if he will permit the question, whether he can inform the Senate as to the rates on various exports from his list of foreign countries and as to whether they are now imposing a tariff duty on imports of agricultural commodities?

Mr. SMOOT. A great many of them are, I am quite sure. I can not state the amounts, but I could look them up.

Mr. LA FOLLETTE. I think it would be very interesting to know whether or not those countries are now imposing a tariff on agricultural imports.

Mr. SMOOT. In some of them I am quite sure they are. As to all of them, I do not know.

FRANCE

(Law of March 29, 1910)

Ex. ART. 3. The Government * * * "may apply to articles, dutiable or free, enjoying in their country of origin or production a direct or indirect export bounty, a countervailing duty equal to the export bounty."

PORTUGAL

(Law No. 8741 of 1921)

ART. 7. When the Government is satisfied that any article, whether liable to import duty or not, enjoys in the country of origin or shipment any direct or indirect export premium, or is characterized by any other form of dumping, the customs shall levy, in addition to the ordinary duty, a charge equivalent to the premium enjoyed by such article.

SPAIN

(Law of March 20, 1906 (embodied in the customs law of March 23, 1906, art. 3, and still in effect))

ART. 6. The Government is authorized to levy such surcharges as they see fit on goods which receive export bounties in the country of production.

SWITZERLAND

(Customs law of October 10, 1902, still in effect)

ART. 4. It shall be lawful for the Federal Council to increase at any time to such an extent as they may deem fit the rates of the general tariff. * * *

In cases where any measures adopted in a foreign country are likely to interfere with the trade of Switzerland, and also in cases where the application of the Swiss customs duties proves inoperative owing to export bounties or like grants, the Federal Council are empowered, in a general way, to take measures deemed fit to meet the circumstances.

Part II—Orient

JAPAN

(Law No. 54 of April 14, 1910)

ART. 5. In respect of articles on which an export bounty is granted in foreign countries, a customs duty of the same amount as the said bounty may be imposed by imperial ordinance in addition to the duty prescribed in the tariff.

AUSTRALIA

(Freight subsidies or concessions—Preservation of industries act, 1921)

ART. 7. (1) If the minister is satisfied, after inquiry and report by the tariff board, that any goods exported to Australia, of a class or kind produced or manufactured in Australia, have been or are being carried—

(a) In subsidized ships at rates of freight lower than the rates of freight prevailing at the date of shipment; or

(b) At ballast rates of freight, being rates lower than the rates of freight prevailing at the date of shipment; or

(c) Freight free;

or that by reason of the granting of rebates, refunds, or other allowances the net amount of freight payable on goods exported to Australia, of a class or kind produced or manufactured in Australia, is lower than the rates of freight prevailing at the date of shipment, and that in any such case detriment may thereby result to an Australian industry, the minister may publish a notice in the Gazette specifying the goods as to which he is so satisfied.

(2) Upon the publication of the notice, there shall be charged, collected, and paid to the use of the King, for the purposes of the Commonwealth, on those goods imported into Australia a special duty (in this section referred to as "the dumping freight duty").

(3) The rate of the dumping freight duty shall be 5 per cent of the fair market value of the goods at the time of shipment.

NEW ZEALAND

(Customs amendment act, 1921)

Section 11. (2):

(c) In the case of goods imported into New Zealand, or in the case of goods of a class or kind produced in some other part of the British Dominions and imported from a country not being part of the British Dominions, if the minister is satisfied that any special concession (whether by way of railway or shipping freight, subsidy, special bounty, rebate, or otherwise) has been or is to be allowed, taken, or granted, and if such concession will, in the opinion of the minister, have an effect prejudicial or injurious to any industry or business established or carried on in New Zealand, or in such other part of the British Dominions as aforesaid. For the purposes of this section the determination by the minister of the amount of any such concession shall be final.

(3) The rate or amount of dumping duty levied under this section shall be determined as follows: * * *

(c) In the case of goods to which paragraph (c) of the last preceding subsection applies, the dumping duty shall be an amount, to be determined by the minister, not exceeding the amount of the special concession referred to in the said paragraph.

UNION OF SOUTH AFRICA

Countervailing duties on bounty-fed sugar were provided in 1903.

General countervailing duties were provided in the customs act of 1914, and also in the act of 1925.

The provision of 1925 is as follows:

"Chapter 11, article 15. (1) Whenever, after investigation and report by the board of trade and industries, the minister is satisfied that goods which are of a class or kind produced or manufactured in the Union have been or are being exported to the Union."

(e) That a bounty has been or will be granted in respect of such goods in the country in which they were produced or manufactured, or from which they were exported, by way of a bonus, rebate, subsidy, or otherwise, whether granted by a government or other authority or person.

Part III—Latin America

ARGENTINA

(Law No. 8377, of 1912)

ART. 2. On the importation of sugar entitled to direct or indirect bounties in country of origin, there shall be a surtax equivalent to the full amount of the bounties granted, whatever be the form of the grant.

NOTE.—Proposed legislation in the interest of the sugar growing embodies this provision in a new form. There is also a proposed general antidumping law which introduces a general provision for all imports similar to the present one in effect for sugar.

MEMORANDUM B

ANTIDUMPING LEGISLATION IN FOREIGN COUNTRIES

AUSTRALIA

The Australian industries preservation act of 1921 provides that the minister of trade and customs may impose antidumping duties after inquiry and report by the tariff board, and upon notification in the Government Gazette specifying the goods to which the duty is to apply, in the following instances:

(a) If imported goods are being sold in the Australian market at a price notably less than the fair market value of the goods in the place and at the time of shipment, and which may have a detrimental effect on an Australian industry; (b) if imported goods are being sold to an Australian importer at an export price which is less than a "reasonable price," and that detriment may thereby result to an Australian industry. "Reasonable price" means, for the purposes of this duty, such a price as represents the cost of production of the goods, plus 20 per cent, plus f. o. b. charges. (c) If imported goods of a class or kind produced or manufactured in Australia are carried to Australia in subsidized ships at rates of freight lower than the rates prevailing generally at the time of shipment, at "ballast rates," freight free, or by reason of the granting of rebates, refunds, or other allowances the net amount of freight payable on such goods is lower than the rates of freight prevailing generally at the time of shipment, and that detriment may thereby result to an Australian industry; (d) if goods from countries having depreciated exchanges are being sold to Australian importers at export prices which will be detrimental to an Australian industry; (e) if goods from countries having depreciated exchanges are being sold to Australian importers at export prices less than the fair market values of similar goods in the United Kingdom; (f) if imported goods are being sold to an importer in Australia which were manufactured wholly or in part from material supplied from any country whose currency has depreciated by comparison with the currency of the country to which the material was supplied, and that the manufactured goods are being sold to an importer in Australia at a price below the price at which the same goods could have been manufactured in the country of manufacture if made from material of such country of manufacture and allowing for a reasonable profit.

CANADA

Section 6 of the tariff act of 1907, as amended in 1914, provides that—

"A special or dumping duty may be applied to imported goods of a class or kind made or produced in Canada, if the export or actual selling price to the Canadian importer is more than 5 per cent less than the fair market value of the same article when sold for home consumption in the country of export and at the time of direct exportation to Canada. This special duty shall be equal to the difference between the said selling price and the fair market value for home consumption, but shall not exceed 15 per cent ad valorem. The dumping duty shall not apply if the regular import duty is equal to 50 per cent ad valorem, nor to goods subject to excise duty in Canada, nor under certain other conditions mentioned in the law, and the minister of customs may make regulations for the temporary exception from special duty, upon proof that certain articles are not made or sold in Canada in substantial quantities or under other special conditions."

The special duty would be assessed, without exemption allowance of 5 per cent, in the case of articles made in Canada, but admitted free of ordinary duty, if the actual selling price to the importer is less than the fair market value for home consumption.

(NOTE.—An order in council of January 27, 1927, authorizes the minister of customs and excise to collect on natural products upon which he has set valuations for duty purposes, and which have been shipped to Canada on consignment, the same special duty as if such products had been sold to an importer in Canada prior to exportation.)

NEWFOUNDLAND

Section 7 of the Newfoundland revenue act of 1925 provides for the imposition of dumping duties on imported goods in the following language:

"In the case of articles exported to Newfoundland of a class or kind made in Newfoundland, if the export or actual selling price to an importer in Newfoundland be less than the domestic value of the same article when sold for home consumption in the usual and ordinary course in the country whence exported to Newfoundland at the time of its exportation to Newfoundland there shall, in addition to the duties otherwise established, be levied, collected, and paid on such article on its importation into Newfoundland, a special duty (or dumping duty) equal to the difference between the said selling price of the article for export and the said domestic value thereof for home consumption: *Provided*, That the said special duty shall not exceed 25 per cent ad valorem in any case: *Provided further*, That the excise duties shall be disregarded in estimating the domestic value of goods for the purposes of special duty."

"That the expression 'export price' or 'selling price' in this section shall be held to mean and include the exporter's price for the goods, exclusive of all charges thereon after their shipment from the place whence exported directly to Newfoundland."

NEW ZEALAND

Under section 11 of the customs amendment act of 1921, dumping duties may be imposed upon imported goods in the following instances:

(a) In the case of goods of a class or kind produced in New Zealand, if the actual selling price to the New Zealand importer is less than the current domestic value of such goods in the country of origin; (b) if the actual selling price of goods to an importer in New Zealand is in the opinion of the minister less than the cost of production (including a reasonable profit) of similar goods in the country of origin at the time of exportation; (c) in the case of non-British goods of a class or kind produced in New Zealand, or some other part of the British dominions, if the minister is satisfied that any special concession (whether by way of railway or shipping freight, subsidy, special bounty, rebate, or otherwise) has been or is to be allowed, taken, or granted, and if such concession will, in the opinion of the minister, have an effect prejudicial or injurious to any industry or business in New Zealand or any other part of the British Empire.

The amount of any dumping duty shall be the difference between the actual selling price to the New Zealand importer and the current domestic value in the country of origin, or the cost of production, or an amount equal to any special concession, as the case may be.

Section 8 of the customs amendment act of 1922 provides that in the case of goods from non-British countries having a greatly depreciated currency and being goods of a kind produced in some parts of the British dominions, the Minister of Customs may determine a nominal value of such goods for duty purposes if in his opinion importation of these goods would be likely to affect prejudicially any industry established in New Zealand or elsewhere in the British dominions, provided such value shall not be more than 20 per cent above the cost of New Zealand importers of similar goods.

UNION OF SOUTH AFRICA

Chapter II, section 15, of the South African customs tariff amendment act of 1925 provides that whenever after investigation and report by the board of trade and industries the Minister of Finance is satisfied that goods which are of a class or kind produced or manufactured in the Union have been or are being exported to the Union under any of the conditions enumerated below, and is further of opinion that detri-

ment may from one or more of such causes result to an industry within the Union, and that it would be in the public interest to impose in respect of such goods a dumping duty, the governor general may by proclamation in the Government Gazette notify the class of goods and declare that one or more of the dumping duties (as below enumerated) shall be levied upon goods of such class on importation into the Union from a country or countries named in the proclamation.

No dumping duty or duties shall be imposed in respect of goods shipped to the union from the country named in the proclamation prior to the date of publication thereof in the Gazette.

The dumping duty, or where there is more than one form of dumping, the total of such duties shall not exceed one-half of the value of the goods.

Dumping duties may be imposed when goods from countries outside the union are sold to South African importers under the following circumstances:

(a) At an export price less than the domestic f. o. b. value in the country of origin at the time of shipment ("ordinary" dumping duty);

(b) At an export price which by reason of the depreciated currency of the country of origin is less than the export price of similar goods from countries wherein the currency is not depreciated by more than 5 per cent ("exchange" dumping duty);

(c) If special concessions in freight rates have been granted ("freight" dumping duty);

(d) If goods are being sold or offered for sale at port of entry in the union at an amount less than the domestic value in the country of origin, plus all packing, freight, and insurance charges to the port of entry, including duty, landing, and delivery charges in the union ("sales" dumping duty); and

(e) If a bounty or subsidy of any kind is or will be granted in respect of goods in the country of origin ("bounty" dumping duty).

JAPAN

Article V, section 2, of the Japanese customs tariff law provides as follows:

"When any important industry in this country is in danger of being injuriously affected by the importation of articles for the purpose of dumping or by the dumping of imported articles, such articles may be designated in accordance with the provisions of imperial ordinance after investigation by the dumping investigation committee, and on such articles may be imposed during a specified period of time duties not exceeding in amount their proper value in addition to the duties enumerated in the annexed tariff."

In case the articles designated according to the provisions of the foregoing paragraph have already been imported and are owned by or in the possession of a dumper or his agent, the additional duty mentioned in said paragraph may be collected from such dumper or agent.

The additional duty stipulated in the preceding paragraph shall be collected in the same way as a national tax.

Mr. SHORTRIDGE. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from California?

Mr. SMOOT. I yield.

Mr. SHORTRIDGE. Are these several laws bearing different dates now in force in the several countries?

Mr. SMOOT. They are now in force. They are the laws of the countries named.

Mr. NORBECK. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from South Dakota?

Mr. SMOOT. I yield.

Mr. NORBECK. Would the Senator care to answer a question?

Mr. SMOOT. I shall be very glad to do so if I can.

Mr. NORBECK. How does the Senator harmonize the laws and regulations of Australia, to which he has referred so much, with the fact that Australia itself pays a bounty on exports?

Mr. SMOOT. I am not trying to harmonize the actions of foreign countries. I am only telling what are their laws. If a country has a law, as suggested by the Senator, then that particular country would be more anxious to impose the existing law against any importation of products into its own country. There is no question about that.

Mr. NORBECK. The fact of the matter is it would be impossible for Australia to enforce a law which it is itself violating. Therefore there is nothing to the argument. Is not that true?

Mr. SMOOT. Oh, no; they would have power to enforce it against other countries.

Mr. NORBECK. But there would be retaliation against them if it were unjust?

Mr. SMOOT. We have laws affecting our own country, and no other country in the world can say we shall not have them. Many countries in the world, in fact most of them, would immediately, if they had the power, compel us to do away with all

kinds of tariff rates. There is no doubt of that. Australia can enact a law as she has already done, and then if we should enact a law on our own part she could not object to it.

Mr. NORBECK. I thought the Senator said it was a fact that they had not, but there was danger that they might.

Mr. SMOOT. In that particular case I referred to the fact that it was there and they might do it, and I say now they have the power to do it.

Mr. VANDENBERG. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Michigan?

Mr. SMOOT. I yield.

Mr. VANDENBERG. In line with the inquiry just made by the Senator from South Dakota, I think it is very interesting to observe that the operation of the Australian counterpart of the proposed export debenture operated in this way in connection with butter. The principal Australian market for butter was in Canada. The export debenture known in Australia as the Patterson plan was put into operation. Canada promptly exercised its countervailing duty rate, and the net result of the entire system is described in two sentences in a letter from the American consul general at Halifax, Nova Scotia, written January 17, 1929, as follows:

To prevent the flooding of Canadian markets with Australian butter the Canadian Government early in 1926 applied the provisions of the dumping act to the imports of such butter, as it was clearly entitled to do, owing to the operation of the Patterson scheme. The result was to shut Australian butter out of the Canadian market almost entirely and to give New Zealand butter all the benefit.

Mr. SMOOT. There is no doubt about it.

Mr. NORBECK. Mr. President—

The VICE PRESIDENT. Does the Senator from Utah yield further to the Senator from South Dakota?

Mr. SMOOT. I yield.

Mr. NORBECK. May I ask the Senator from Michigan for a little more information? This is very enlightening. The testimony of the experts from the Department of Agriculture before the Committee on Agriculture and Forestry was to the effect that Germany had an export debenture plan that was started 30 years ago. It did not operate during the war, but has been reenacted since. Does the Senator care to give us some explanation of that, too?

Mr. VANDENBERG. What I submitted was simply the proposition as a practical affair that the export bounty can work only by the sufferance of foreign governments. I am not indicating whether they should or should not countervail by duty, but I am saying that we are not entitled to offer export debentures as a panacea because they are not a panacea except as foreign countries are willing to permit them to be such.

Mr. ROBINSON of Arkansas. Mr. President, is not the statement just made by the Senator from Michigan true of any regulation of commerce as applied to foreign commerce? We can not trade with a foreign country except by the sufferance, if you please, of that foreign country. We have no natural right to sell our goods, manufactured or agricultural, to a foreign people. Trade necessarily is a matter of comity and amity and it certainly does not lie in the mouth of one who advocates tariff duties approximating prohibitive rates to insist that the Government of the United States can not provide this debenture without inviting retaliatory measures.

Mr. SMOOT. Mr. President, I have not insisted that we can not do it. I have never intimated such a thing. Of course, we can do it. I am calling attention to what the result will be if we do it. Will we get any good out of it? Here are two dependencies of England—Australia and Canada. Just as soon as Australia enacted a law, as referred to by the Senator from Michigan, what did Canada do? She immediately enacted a law which says that shall not affect the butter industry of Canada.

Mr. NORBECK. Mr. President, will the Senator yield?

Mr. SMOOT. In just a moment. If we enact a law, of course, it will be in effect, but if we do enact it, what is going to be the result? Is the farmer going to be benefited by it? If other countries take the same position Canada did they will not be benefited by it. I have not any doubt that will be the position many of them will take. I do not say that all of them will take that position. I have not claimed that all of them would do so, but all of them could do it and I have not any doubt that many of them will do it.

Mr. ROBINSON of Arkansas. Mr. President, is it not within the power of any foreign country to retaliate against the United States because of the high protective tariff which we impose on the manufactured products of other peoples? Why are they more likely to retaliate because of a "bounty," provided by this

Government on products which they need, than they are in the case of our high tariffs levied against their manufactured goods?

Mr. SMOOT. Mr. President, foreign countries may protest all they desire against the rates which are now imposed upon agricultural products, if they claim they are high, and they do protest against them, but all they can do is to enact tariff rates of their own to offset them.

Mr. ROBINSON of Arkansas. I am not talking about the rates on agricultural products; I am talking about the rates which we impose on manufactured products of foreign nations. In many instances, as the Senator from Utah well knows, those rates are almost prohibitive, and, indeed, in some cases they are prohibitive. Other countries have the same power and right to retaliate because of the imposition of those rates that they would have to retaliate because of the provision for an export debenture; but they are not doing so.

Mr. SMOOT. Mr. President, if foreign countries were interested in producing the same kind of goods, they would protest. We have never yet passed a tariff bill but there have been protests from foreign countries.

Mr. ROBINSON of Arkansas. Yes; but we continue to impose tariff duties.

Mr. SMOOT. Certainly we do; and we have the power to do so; and we also have the power to enact this proposed law, and any foreign country has the power to enact the same identical kind of law.

Mr. ROBINSON of Arkansas. Mr. President, I ask if the Senator from Utah will yield to me?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. SMOOT. I have concluded my speech, Mr. President.

Mr. ROBINSON of Arkansas. The Chair has insisted upon a Senator desiring to interrupt another Senator formally addressing the Chair, and I propose to do so. I now wish to ask the Senator from Utah how it is that he discriminates between the peril which arises by reason of the imposition of prohibitive tariff duties imposed by the United States on manufactured goods which are sought to be imported from foreign countries and a provision for an export debenture—a bounty, if you please—on the exportation from this country of agricultural commodities, food products in many instances which the people of foreign countries are anxious to secure, which they can not themselves produce in many instances, and which they desire to secure at cheap prices? How is it that we may anticipate retaliatory measures because of the provision in this bill which will enable the consumers of our agricultural products abroad to procure those products at cheap prices?

Mr. SMOOT. Mr. President, I will not say that nearly all but many foreign countries have passed retaliatory measures affecting our tariff. They enact such measures, of course, when they are interested in the production and exportation of similar products. All countries have tariff laws, and they have changed the rates in their laws since the passage of the act of 1922. I know for what reason they were changed, as does also the Senator from Arkansas. Such changes were based upon the rates that were provided in our tariff law. Taking the great line of industries, tariff legislation may affect but a very few countries, but they have the power to enact any kind of retaliatory measures they choose.

Mr. ROBINSON of Arkansas. Will the Senator from Utah yield to me further?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Arkansas?

Mr. SMOOT. I yield.

Mr. ROBINSON of Arkansas. Notwithstanding the condition which the Senator from Utah has just described relating to the high tariff rates which this country imposes on the importation of foreign products, the Senator from Utah stands here day after day insisting upon the maintenance of those high rates; and in a very short while he will be bringing in a bill proposing to increase rates to the prohibitive point in many instances where they are not now prohibitive. In other words, the Senator's own argument does not apply to the protective tariff which he favors, although he recognizes that it provokes and promotes the spirit of retaliation, but it applies with great force, in his opinion, to an arrangement which will benefit the farmers of the country merely because he fears that some degree of retaliation may be provoked.

Mr. ALLEN and Mr. NORBECK addressed the Chair.

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I have not anything further to say.

Mr. NORRIS. Mr. President, before the Senator from Utah closes his remarks, I ask him if he will not yield to me?

Mr. NORBECK. I merely desire—

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. SMOOT. I have yielded the floor.

The VICE PRESIDENT. Then the Chair recognizes the junior Senator from Kansas [Mr. ALLEN].

Mr. EDGE. If the Senator will yield to me, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Fletcher	Kean	Sheppard
Ashurst	Frazier	Keyes	Shortridge
Barkley	George	La Follette	Simmons
Bingham	Gillett	McKellar	Smith
Black	Glass	McMaster	Smoot
Blaine	Glenn	McNary	Steck
Blease	Goff	Metcalf	Steiwer
Borah	Goldsborough	Moses	Swanson
Bratton	Gould	Norbeck	Thomas, Idaho
Brookhart	Greene	Norris	Thomas, Okla.
Broussard	Hale	Nye	Townsend
Burton	Harris	Oddie	Trammell
Capper	Harrison	Overman	Tyson
Caraway	Hastings	Patterson	Vandenberg
Connally	Hatfield	Phipps	Wagner
Copeland	Hawes	Pine	Walcott
Couzens	Hayden	Pittman	Walsh, Mass.
Cutting	Hebert	Ransdell	Walsh, Mont.
Deneen	Heflin	Reed	Warren
Dill	Howell	Robinson, Ark.	Waterman
Edge	Johnson	Robinson, Ind.	Watson
Fess	Jones	Sackett	Wheeler

The VICE PRESIDENT. Eighty-eight Senators having answered to their names, a quorum is present. The junior Senator from Kansas [Mr. ALLEN] has the floor.

Mr. VANDENBERG. Mr. President—

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Michigan?

Mr. ALLEN. I yield.

Mr. VANDENBERG. In connection with the observation which I recently made regarding the failure of the so-called debenture plan to operate in Australia, I submit a very brief excerpt from an article in the New Zealand Dairyman, published at Wellington, New Zealand, substantiating this entire thesis and demonstrating again the impossibility of a successful operation of a plan of that character in the face of foreign countervailing duties. I ask unanimous consent for its publication in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the excerpt was ordered to be printed in the RECORD, as follows:

[From the New Zealand Dairyman of January 19, 1929]

The latest effect of the Australian Paterson plan has been the imposition of an additional duty on all Australian butter exported to America. This action by the United States Government is one of the retaliatory measures not foreseen or provided for by the originators of this scheme, and in all probability will shortly be followed by similar measures in other countries. * * *. In meeting the request of dairy farmers the Secretary of the Treasury, Mr. Mellon, stated that the bonus obtained by Australian producers under the Paterson arrangement constituted a bounty, or grant within the meaning of section 303 of the tariff act. Needless to say, by raising the duty Australian butter has been effectually shut out from the United States markets * * * with such latent effects that Australian farmers may before very long begin to realize that the Paterson plan is not such an unmixt blessing after all * * *. With the advent of a bountiful season and with the doors of all other markets shut against them, Australian producers may find that the prices realized on the London markets will make the Paterson plan a very unprofitable investment. Viewing the results of this interesting experiment after its three years of existence, one must therefore be forced to the conclusion that artificial measures such as the Paterson plan should only be regarded as stimulants to revive or keep alive a languishing industry. In themselves they merely produce a transient increase of vital energy, and, in order to continue effective, must be administered in increasing doses * * *. With a heavy increase in the exportable surplus and a corresponding cut in the export bounty, the fate of the Paterson plan may become a very problematical one indeed. In the meantime one can only hope that its adverse influence on the world's markets will not be such as to seriously jeopardize the good will enjoyed by butter from the Southern Hemisphere.

Mr. NORBECK. Mr. President, will the Senator from Kansas allow me to ask the Senator from Michigan a question?

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from South Dakota?

Mr. ALLEN. I yield.

Mr. NORBECK. Australia seems to have the debenture plan in operation. Proof has been offered from Canada as to its fail-

ure and proof has been offered from New Zealand as to its failure, but no proof has come from Australia, and the plan seems to be continued in operation in that country. How does that happen?

Mr. VANDENBERG. What is the question the Senator is asking me?

Mr. NORBECK. Why Australia continues the debenture plan if it is a failure?

Mr. VANDENBERG. The sole proposition I am submitting is the practical impossibility of assurance that debentures will operate except by foreign sufferance. Whether or not Australia continues to use the plan I am not advised. I am simply offering a definite exhibit from that section of the world indicating that in a particular instance which is analogous the debenture plan does not and can not work.

Mr. SIMMONS. Mr. President—

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from North Carolina?

Mr. ALLEN. For what purpose, please?

Mr. SIMMONS. The Senator from Utah [Mr. Smoot], who has just yielded the floor, would not permit any interruptions.

Mr. SMOOT. That is an unfair statement, Mr. President; it was not the case, and the RECORD will so show.

Mr. SIMMONS. If it is not the case I will modify the statement. The Senator did permit some interruptions toward the close of his discussion.

Mr. SMOOT. And in the beginning of it as well.

Mr. SIMMONS. The Senator from Utah at some stage in the course of his remarks refused to yield, and when he began to permit interruptions we had a call for a quorum, which prevented further interruption for the purpose of making inquiries of the Senator with regard to the statements which he had made. I have risen for the purpose of asking some further information from the Senator from Utah with respect to the statements which he made.

The VICE PRESIDENT. Does the Senator from Kansas yield, in order that the Senator from North Carolina may ask the Senator from Utah some questions?

Mr. ALLEN. I yield.

Mr. SIMMONS. Mr. President, the Senator from Utah has made some rather remarkable statements. In order to propound the inquiries which I wish to make of the Senator it is necessary, if the distinguished Senator from Kansas will permit, for me to make one or two preliminary observations.

The VICE PRESIDENT. Does the Senator from Kansas yield for that purpose?

Mr. ALLEN. For some preliminary observations?

Mr. SIMMONS. Yes; I shall not detain the Senate longer than a few minutes.

Mr. ALLEN. Very well; I yield.

Mr. SIMMONS. Mr. President, we levy tariff duties upon foreign products imported into this country which come in competition with commodities produced here. If a substantial amount of the imported commodity is produced in the United States we generally protect it with a tariff duty; that is, we do now as applied to manufactures.

Mr. SMOOT. And to agriculture.

Mr. SIMMONS. And to agriculture where a substantial quantity is produced in this country; yes. If there is no production of a product in the United States we admit it free of duty, because in that case there is no sense in imposing a tariff.

The Senator has told us that practically all the countries that do not produce a sufficient quantity of agricultural products to supply their own demand have recently imposed tariff duties to protect their producers against imports of those products. Of course, the Senator will admit that in this particular case the duties can be raised by the country imposing them to meet any emergencies in other countries. But, Mr. President, there are many countries to which we ship our farm products that do not produce those products to any extent at all, or, if to any extent at all, only to a small extent. It is not necessary to name the countries. There are many of them in Europe. Probably Great Britain is the chief one; but that statement applies also to Italy and to other countries in Europe. We do not send our agricultural products to a country where agriculture is developed and where there is sufficient produced to supply their demands. We send them to countries where the agricultural production is wholly inadequate to supply the home demand for those products.

We send our cotton largely to Great Britain. Great Britain produces no cotton, or, if some of its colonies produce it, only to a limited extent. It purchases from abroad practically all it uses. We do not send our agricultural products to countries that produce largely in excess of their own demands or equal to their own demands. We do not send our wheat to a wheat-growing country. We do not send our hides to any meat-growing

country. We send them to a country where there is but little production of those articles.

That is true of the basic agricultural products of this country. They are not exported to countries that produce those products in anything like adequate quantities. They are sent to countries where there is practically no production, or, if any, a very limited production.

Now, Mr. President, what sense is there—I wanted to ask the Senator from Utah a question, but he has left the Chamber. The Senator from New Jersey [Mr. Edge] did him the courtesy, when he saw the Senator from Utah was in deep water, of calling for a quorum and putting off any discussion.

Mr. EDGE. No, Mr. President—

The VICE PRESIDENT. Does the Senator from North Carolina yield to the Senator from New Jersey?

Mr. EDGE. Will the Senator yield?

Mr. SIMMONS. I yield.

Mr. EDGE. I do not think it is ever necessary to try to save the Senator from Utah.

Mr. SIMMONS. It looked to me very much like a protective movement, however.

Mr. EDGE. I understood the Senator from Kansas [Mr. Allen] had been recognized, and I called for the quorum so that he would have an audience for his maiden speech.

Mr. SIMMONS. Mr. President, I lay that down as a fundamental proposition—that the basic products of agriculture in this country are shipped to countries that do not produce them to any considerable extent; and what sense would there be in those countries imposing a tariff on them to protect their people? A tariff would not protect their people. It would simply be an additional burden imposed upon the consumers of that country, whether they are manufacturers or whether they are agriculturists. There is no reason for them to retaliate. Is there any reason why they should impose an export bounty? No. They have nothing to ship. They have none of those agricultural products for export; and what would an export bounty be worth to them?

So that we need not fear from the major countries to which we ship the basic products of American agriculture either retaliation by the tariff or retaliation by the levying of export duties, because those products are shipped to those countries the people of whom would not be benefited and the manufacturers of whom would not be benefited by the imposition either of a tariff or of an export bounty.

I should have liked to hear the Senator from Utah upon that proposition; but, as I said, the Senator was very anxious to get away from the Chamber. Possibly he anticipated a number of inquiries as to some broad and sweeping and, to my mind, obviously unsound propositions that he laid down in his speech, prepared, I take it, as he admitted himself, very largely by the Department of Commerce and the Department of Agriculture, both of which are known to be, as is the President himself, strongly against this legislation.

Mr. ALLEN. Mr. President, for the first time in American history a President has convened a special session of Congress to seek relief for agriculture. After eight years of controversy a practical measure of farm relief is now before us. So thoroughly is it in line with the pledges of the party and the declarations of the President in the recent campaign in which he was elected that we have seen the measure pass the House of Representatives by an almost unanimous vote.

Probably no pledge of a great party was ever more consistently and rationally expressed in law than that which comes to us from the House of Representatives and is also expressed to us in the main features of the McNary bill.

Only 34 Members of the House could be mustered against the bill as it has passed that body. These 34 consisted of 32 Democrats and 2 Republicans. Of the 32 Democrats, 16 represent New York and Brooklyn. They belong to the group known as "Tammany Democrats," whose devotion to agricultural interests in the past has not been notable.

The others who have opposed the bill come mostly from the larger cities of the country. Not a single vote was cast against the measure from Iowa, Kansas, Nebraska, or the Dakotas. Great agricultural States that are more directly concerned than any other section of the country appear to be almost wholly unrepresented in the opposition to this bill in the House.

At no time since the controversy over farm relief opened has there been so splendid an expression of unanimity, so helpful a display of a common purpose in the effort to secure remedial legislation.

This action follows logically the sound declaration of the Kansas City convention and the rational promises made by the presidential nominee in his speech of acceptance and other addresses in the campaign. It follows logically and consistently

the presidential message calling Congress into special session for the enactment of farm relief legislation.

We are now at the culminating point. We are met to accomplish the single objective. We have heard the sincerity of the present effort questioned on this floor. At no time since the Kansas City convention, throughout the entire presidential campaign, up until this hour, has any leader of the Republican Party or the President of the United States uttered a single declaration that would justifiably lead any man to question the sincerity and the logic of this bill, or to express himself as puzzled that the bill should have taken the inevitable form it has.

At no time during the campaign, through the utterance of party leaders or party platform, or of the presidential candidate, was any mention made of or any encouragement given, even remotely, to the debenture plan.

The President has expressed his objection to this plan in reply to a request from the committee that he state his mind upon the subject. He felt, as any clear-minded man must have felt, that the party responsibility at this hour, rising out of the platform pledges of 1928, is met by the bill as it passed the House, which is substantially the same as that which is now before this body with the exception of the debenture plan.

The Republican platform adopted at Kansas City made this pledge:

We promise every assistance in the reorganization of the marketing system on sounder and more economical lines and, where diversification is needed, Government financial assistance during the period of transition.

The Republican Party pledges itself to the enactment of legislation creating a Federal farm board clothed with the necessary powers to promote the establishment of a farm marketing system of farmer owned and controlled stabilization corporations or associations to prevent and control surpluses through orderly distribution.

Every utterance of the President during the campaign in such addresses as contained allusion to the program of agricultural relief was strictly in accord with this platform; and when we came to this Congress no thought had been aroused that the legislation attempted would not be along this clear-cut line.

The Senator from Iowa [Mr. Brookhart] attacks the President's message because it states:

We must not undermine initiative. There should be no fee or tax imposed upon the farmer. No governmental agency should engage in the buying and selling and price fixing of products, for such courses can lead only to bureaucracy and domination.

It apparently was the purpose of the Senator from Iowa to create in some way the impression that the President has changed his attitude upon this subject since the campaign. He omitted the distinction made by the President in his acceptance speech:

The Republican platform pledges the creation of a Federal farm board of representative farmers to be clothed with authority and resources with which not only to still further aid farmers' cooperatives and pools and to assist generally in solution of farm problems but especially to build up, with Federal finance, farmer-owned and farmer-controlled stabilization corporations which will protect the farmer from the depressions and demoralization of seasonal gluts and periodical surpluses.

Here the President specifically states that the farmers should own and control such enterprises.

The Senator from Iowa omits to mention Mr. Hoover's statement in his speech at Elizabethton, Tenn.:

I may repeat these proposals. We stand specifically pledged to create a Federal farm board of men sympathetic with the problem, to be clothed with the powers and resources with which not only to further aid farmers' cooperatives and assist generally in solving the multitude of different farm problems which arise from all quarters of our Nation but in particular to build up with initial advances of capital from the Government farmer-owned and farmer-controlled stabilization corporations which will protect the farmer from depressions and the demoralization of summer and periodic surpluses. Such an instrumentality should be able to develop as years go on the constructive measures necessary to solve the farmers' new problems that will inevitably arise. It is no proposal of subsidy or fee or tax upon the farmer. It is a proposal to assist the farmer onto his own feet into control of his own destinies.

And again, in St. Louis, Mr. Hoover said:

This program further provides that the board shall have a broad authority to act and be authorized to assist in the further development of cooperative marketing; that it shall assist in the development of clearing houses for agricultural products, in the development of adequate warehousing facilities, in the elimination of wastes in distribution, and in the solution of other problems as they arise. But in particular the

board is to build up, with initial advances of capital from the Government, farmer-owned and farmer-controlled stabilization corporations which will protect the farmer from depressions and the demoralization of summer and periodic surpluses.

Neither the President nor the Republican Party platform ever suggested that the Government should enter into the buying and selling or price fixing of agricultural commodities. It is the negation of that idea.

Senator BROOKHART contended in his attack upon the President on Wednesday last:

In spite of all these great issues, in spite of this absolute necessity of reducing railroad rates, the President says the railroad rates have necessarily increased. He did not say that in his address of acceptance. He said that they had increased, but he did not say necessarily so. Neither did he say so at any time in any of his addresses during the campaign. I therefore want to protest against the settlement of the railroad question in one mere sentence.

It is perfectly obvious that in this reference the Senator from Iowa seeks, by the use of a weasel word or two, to present the idea that the President of the United States has changed his attitude since the campaign in which he made these speeches, and a rather cunning and unpleasant suggestion is made that he has changed his attitude for the purpose, as the Senator from Iowa says, of settling the railroad question in a mere sentence.

The President in his acceptance speech said:

A large portion of the spread between what the farmer receives for his products and what the ultimate consumer pays is due to increased transportation charges. Increase in railway rates has been one of the penalties of the war. These increases have been added to the cost to the farmer of reaching seaboard and foreign markets and result, therefore, in reduction of his prices.

In his speech at West Branch he said:

The necessarily large advances in railway rates from the war militate against the economic setting of this whole interior section.

There is the word—"the necessarily large advances." That is the word brought forth the other day by the Senator as though he had discovered a dangerous bomb and exhibited it to us as the intention of the President to settle the railroad problem in a mere sentence. My friends, that sentence was in the West Branch speech; the Senator from Iowa was present; he could have detected at that moment the cunningness of it. It was not an effort to solve the railroad question in a mere sentence. If the Senator from Iowa is correct in his insinuation, it was an effort to solve the problem apparently in a mere adverb, and an adverb used to modify a mere adjective. Certainly the cunning of language has never been so invoked by any man who sought to lull us into security.

In his speech at St. Louis Mr. Hoover said:

I have stated on other occasions that, due to the shift of economic currents from the war, the Mid West has not had equal opportunity with the rest of our country. The natural increase in freight rates due to the war, the building of the Panama Canal, coincident with the fact that the cost of ocean transportation has remained practically stationary, have contributed to thrust the Mid West into an economic setting greatly to her disadvantage.

And so throughout all of these quotations the clarity of the President's expressions touching this matter has not changed, and the Senator from Iowa has entirely misrepresented his position, which has been consistent throughout.

Fortunately we are not altogether without a basis from which to contemplate the effect of the stabilization legislation represented by this bill. The successful experience of the wheat pools of Canada, where 150,000 farmers in the western Provinces are selling their wheat through their own office—an economic federation already famous throughout the world—gives us definite encouragement. When wheat pooling began in Canada, wheat had sold for less than 85 cents a bushel; markets had tumbled before the disorderly stampede of grain sellers. That year—1923—Canada grew 474,000,000 bushels of wheat; the United States grew 797,000,000 bushels.

From the beginning the effect of the pool upon the price which those received for their wheat was appreciable; the testimony of officers and members who have watched the growth of the pool since its formation is that there have been frequent times when the benefit to the wheat raiser has mounted to 30 cents a bushel and there has never been a time when it has not been above 5 cents a bushel. It is stated that in 1926 nonpool sellers received for their wheat \$1.22, while the pool sellers received \$1.44½ for No. 2 northern wheat. The success of the pool has been continuous and practically uninterrupted.

To-day, from the 2 cents a bushel levied by the pool for the handling of the grain, there has been builded a reserve elevator

fund of over \$5,000,000 in the three pools of Alberta, Saskatchewan, and Manitoba, and the association is now building a liquid fund as a commercial reserve by taking 1 per cent of the gross selling price of the grain.

To-day practically 50 per cent of all the wheat growers in western Canada have joined the pool, and the farmers of Canada are discussing their agricultural problems with hope and satisfaction. They have proven again that truism that no commodity in the world is so well off when it is dumped as when it is merchandised.

The problem which challenges us in this body to-day is not the President's problem. The votes that gave to President Hoover a mandate gave to us in the Congress the same mandate. Every Member of this body who followed the party platform and concurred in the utterances of the presidential candidate is just as firmly bound to a sincere purpose to achieve the legislation as is the President himself.

We can not set ourselves apart from the common obligation. With closer scrutiny, perhaps, than ever before, the voters are appraising our conduct here, and these voters will know where to place the responsibility for bad political faith.

In a rather aggressive manner the other day the able Senator from Iowa [Mr. BROOKHART] warned us that he would know where to find these farmers, and he would know what to say to them. These farmers are fully aware of what is taking place here. They have sensed the value of leadership in this body. They have sensed the realization that the bill which is now before this body from the House, and before us from our own committee, with the exception of the debenture plan, is a coherent and ample expression of everything that was preached by the party and the President in the political campaign.

It is altogether possible that the Senator from Iowa may not have to hunt up the farmers. They may be hunting him. We heard yesterday from the able Senator from Alabama the tragic story of Haman, who built for Mordecai the preparation for Mordecai's death which Haman himself suffered. You can not tell about these things. But let me suggest that it is always dangerous to presume that any man in this body has any peculiar relationship with any group of people in this country which gives him a superior right to instruct that group. There is nothing in all this country more open to reason than the right of every Member of this body to take his own logic to the group he represents. So let it be said that, as far as I am concerned, I am undisturbed whenever any man has threatened to go to the people who sent me here with any subject with the proposal that he, in a peculiar fashion, represents that subject to these people.

Through the eight years of controversy they have come to have an intelligent appreciation of the purport of this legislation; however much the Senator from Iowa may express puzzlement, the voters will recognize in this bill that has just passed the House a coherent and ample expression of the pledges of the platform and of the candidate. They never heard the word "debenture" until this special session of the Congress assembled and they know that it is no part of the program which was discussed in the last general election.

It has been said that the idea of providing a bounty on agriculture is not new—that in the days of Alexander Hamilton it was suggested as a possible program for agriculture; but the problem which led to that suggestion was not the problem which is before us in this hour.

A discussion arising out of the increase in industry had led to the fear that some day agriculture might not keep pace in production and that our growing industrial population might fall victim to lack of agricultural production.

To meet such a contemplated emergency, Hamilton is credited with the suggestion that it would be easy to increase agricultural production by offering a bounty on production.

The problem with which we are dealing is not underproduction but overproduction, and certainly it must seem consistent to all that this problem can not be met at the same instance by seeking to regulate the surplus while offering a premium on additional surplus.

I believe that the people of the country will readily appreciate that when we have provided \$500,000,000 to regulate the surpluses, we should not add \$200,000,000 more for the purpose of inviting further surplus and rendering the problem we seek to solve more difficult to handle.

The 21 cents per bushel which would come to the farmer from the debenture plan is paid by all the people of the country, the farmer himself contributing his share. It comes indirectly from the Treasury, and, since this is the case, if we are to offer this bounty then I would be in favor of paying it to the farmer from the Treasury and not giving it to him in the form of a certificate which through the handling of speculators will become a debased medium with limited and difficult circulation.

I am not versed in the political aspects of this problem as it has been discussed in this body. I have no first-hand knowledge of the values in time and thought which the able Senators have contributed to this controversy during the eight years that have brought us to this point of near agreement.

The dearest hope of my life is that we may have found in this act the beginning of a new era for agriculture.

I am comforted by the fact that out of his larger wisdom Senator McNARY, the able chairman of the Agricultural Committee, is supporting this bill. I am comforted by the fact that my colleague the senior Senator from Kansas, whose better acquaintance with this subject makes me his willing pupil, is supporting this measure.

I believe this act foreshadows even more than it provides. Out of a better standardization of effort will come a constructive attention to all problems of agriculture. The common interest may bring us to a study of the possibilities of increased consumption.

To-day the per capita consumption of wheat is $7\frac{1}{2}$ bushels in Canada; it is only 4.8 bushels in the United States.

A closer study of our problems might bring us a constructive application of the principles of conservation to land. The sub-marginal acres now given over to unsuccessful agriculture might be retired and restored to forestation and to sod, to make them again serve as the natural bulwark against floods and wash-outs.

The bill before us may need some modification. Fifteen years ago, as a member of the press gallery of the Congress, I was familiar with the debate which attended the creation of the Federal reserve act. I remember the gloomy foreboding which attended the passage of the initial bill.

That bill has been modified by more than 20 amendments during the 15 years that have followed, until to-day it stands as a model, compelling the respect of the financial world.

I believe that under the better cooperation, guaranteed by this bill, agriculture will share in the organized efficiency that has brought American commerce and industry to their present position in the world.

Mr. PINE addressed the Senate. After having spoken for some time—

Mr. WATSON. Mr. President—

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from Indiana?

Mr. PINE. I do.

Mr. WATSON. I suggest the absence of a quorum.

The VICE PRESIDENT. The absence of a quorum being suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Allen	Fletcher	Kean	Sheppard
Ashurst	Frazier	Keyes	Shortridge
Barkley	George	La Follette	Simmons
Bingham	Gillett	McKellar	Smith
Black	Glass	McMaster	Smoot
Blaine	Glenn	McNary	Steck
Blease	Goff	Metcalf	Steiner
Borah	Goldsborough	Moses	Swanson
Bratton	Gould	Norbeck	Thomas, Idaho
Brookhart	Greene	Norris	Thomas, Okla.
Broussard	Hale	Nye	Townsend
Burton	Harris	Oddie	Trammell
Capper	Harrison	Overman	Tyson
Caraway	Hastings	Patterson	Vandenberg
Connally	Hatfield	Phipps	Wagner
Copeland	Hawes	Pine	Walcott
Couzens	Hayden	Pittman	Walsh, Mass.
Cutting	Hebert	Ransdell	Walsh, Mont.
Deneen	Heflin	Reed	Warren
Dill	Howell	Robinson, Ark.	Waterman
Edge	Johnson	Robinson, Ind.	Watson
Fess	Jones	Sackett	Wheeler

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

RECEPTION TO COL. CHARLES A. LINDBERGH

Mr. BINGHAM. Mr. President, the Joint Congressional Commission on Airports is holding a hearing to-day on the Washington airport, and, at the invitation of the commission, Colonel Lindbergh is testifying. It has been suggested by some of the Senators that since the Senate has never had an opportunity to receive Colonel Lindbergh, this might be an appropriate time; and I desire to ask the majority leader whether that meets with his approval?

Mr. WATSON. Mr. President, for that purpose I move that the Senate take a recess for 10 minutes.

The VICE PRESIDENT. The question is on the motion of the Senator from Connecticut.

The motion was unanimously agreed to, and the Senate took a recess for 10 minutes.

The Senate being in recess, Col. Charles A. Lindbergh, escorted by Mr. BINGHAM, entered the Chamber amid great applause from the floor and the galleries.

The VICE PRESIDENT personally presented the Members of the Senate to Colonel Lindbergh, after which he retired from the Chamber amid great applause; and the recess having expired, the Vice President resumed the chair.

FARM RELIEF

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1) to establish a Federal farm board to aid in the orderly marketing, and in the control and disposition of the surplus, of agricultural commodities in interstate and foreign commerce.

Mr. PINE resumed and concluded his speech, which is, entire, as follows:

Mr. PINE. Mr. President, for the farm problem the National Government is largely responsible. It exists because the Government is not functioning properly. To the extent it exists, government is a failure. Governments are instituted for the express purpose of taking care of and preventing such conditions.

The Constitution gives the Congress the power to control the economic conditions that have developed this problem, and if the Members of this Congress are not sufficiently intelligent or do not have the courage or the inclination to exercise this power, then we had better resign and permit the people to elect representatives who will function and protect the people as contemplated by the Constitution. The farmers of this Nation have endured oppression for nine long years and it is now up to us to give them justice or get out.

The Federal reserve system was created to meet a condition, the centralization of money and credit control. To-day that condition is worse than it was in 1913. From the farmer's standpoint, the Federal reserve system is a failure. You will remember the Pujo Committee made a careful investigation and reported the existence of a money trust, a centralization of control of the Nation's reserves and credit supply. When officially informed of this condition the people demanded a decentralization, and in response to that demand the Federal reserve law was enacted. This law created 12 regional reserve banks or 12 money centers. The law has failed because it has not been administered in a way to accomplish the purpose for which it was enacted. As administered it has promoted and assisted the further centralization of money and credit control. We have 12 regional banks in name only. All who are informed recognize the fact that we have one money and credit center. Members of the Federal Reserve Board have said that it is not only the money center of the Nation but has become the money center of the world. The farmers of this Nation were deceived; they demanded decentralization; the law provides decentralization, but they have been given greater centralization instead. Designing men, promoting their own selfish interests, have taken control of the credit supply, and through it dominate the Nation, dominate it to the extent that they compel one-third of our people, those engaged in agriculture, to toil without profit. This great wrong, which has produced the farm problem, was in the minds of some of our internationalists at the time the law was enacted. In No. 4, volume 4, of the Proceedings of the Academy of Political Science for July, 1914, I find some very significant language. This volume contains a number of essays on banking reform in the United States by Paul M. Warburg, and the introduction is written by Prof. Edwin R. A. Seligman, of Columbia University. In this introduction I find the following statements:

For it may be stated without fear of contradiction that in its fundamental features the Federal reserve act is the work of Mr. Warburg more than of any other man in the country.

Mr. Warburg had been a citizen of the United States for only a few years at the time. In reference to the new Federal reserve act Professor Seligman said:

The new act is in some details superior to the Aldrich bill; in others inferior. The concession in the shape of the 12 regional reserve banks that had to be made for political reasons is, in the opinion of Mr. Warburg as well as of the writer of this introduction, a mistake; for it will probably, to some extent at least, weaken the good results which would otherwise have followed. On the other hand, the existence of the Federal Reserve Board creates, in everything but in name, a real central bank; and it depends largely upon the wisdom with which the board exercises its great powers as to whether we shall be able to secure most of the advantages of a central bank without any of its dangers.

Further along in the introduction he says:

It was the hope of Mr. Warburg that with the lapse of time it may be possible to eliminate from the law not a few clauses which were inserted, largely at his suggestion, for educational purposes.

On page 441 of this work, in an essay by Paul M. Warburg, on the subject of A Central Bank System and the United

States of America, I find this language, written December 30, 1908, about the time he became an American citizen:

For the purpose of this discussion, however, I may take it as a matter of common agreement that in the present state of our civilization, wherever circumstances permit of its establishment, the central-bank system is the most suitable and efficient.

And at the end of this essay I find this closing paragraph:

It is our duty to keep the memory of the crisis of 1907 fresh in our minds, for unless we grasp not only the danger but the certainty of its reappearance we shall not realize the blessings and the absolute necessity of a central-bank system in the United States.

I wish the Senate could really get this picture. These internationalists conceded 12 regional banks to the Congress and to the people of America, but they did not do it in good faith. They did it for political reasons, and they thought it a mistake. We now learn that the provisions of the law on which the farmers relied for their protection were written into the law at the suggestion of Mr. Warburg for political reasons and for educational purposes. He hoped they could be eliminated, was appointed a member of the board, and we have 12 money centers in name only, and the Nation's credit supply is so manipulated as to destroy farm values.

What was the intention of Congress? On November 24, 1913, Senator Owen, chairman of the Committee on Banking and Currency, in a speech on this floor, among other things, said:

At all events, Mr. President, the people of the United States profoundly objected to the Aldrich plan of a central bank, because the plan proposed to put into the hands of private persons the control of the credit system of the United States, which already had been so far concentrated in private hands as to have become a national scandal and a national danger of vast importance.

The Pujo examination verified what was generally well understood, that so far had the concentration of financial and commercial power proceeded in this country that a handful of men exercised practically commercial and financial supremacy over the people of the United States; that they could at their will shake the foundations of the country; that they could at their pleasure cause not only stringency but, what is far more dangerous, could carry those stringencies of credit to a point of absolute and overwhelming panic that could close the doors of the banks of this country from the Atlantic to the Pacific in a single day.

I shall not pretend to believe for one moment that the panic of 1907 was an accident. It is a long story. I can not at this time go into that story, but I profoundly believe that the result in October, 1907, was a part of a concerted plan by which a few men did two things—first, enriched themselves on the one hand at the expense of the Nation, and administered what they conceived to be a terrifying political rebuke to the administration then in power.

It is well for us to remember that only 12 national banks failed during the year of 1907. In discussing the purposes of the measure he said:

Third. To put an end to the pyramiding of the bank reserves of the country and the use of such reserves for gambling purposes on the stock exchange.

And under the head of Abatement of Stock Gambling he said:

Mr. President, one of the most far-reaching results which will follow will be the abatement of the nuisance of the national menace of the stock-gambling operations in this country, because this measure proposes to gradually withdraw these reserves which have heretofore been pyramided in the three great central reserve cities.

On page 4643 of the CONGRESSIONAL RECORD of the Sixty-third Congress President Wilson is quoted as saying:

We must have a currency, not rigid as now, but readily, elastically responsive to sound credit, the expanding and contracting credits of everyday transactions, the normal ebb and flow of personal and corporate dealings. Our banking laws must mobilize reserves; must not permit the concentration anywhere in a few hands of the monetary resources of the country or their use for speculative purposes in such volume as to hinder or impede or stand in the way of other more legitimate, more fruitful uses. And the control of the system of banking and of issue which our new laws are to set up must be public, not private; must be vested in the Government itself, so that the banks may be the instruments, not the masters, of business and of individual enterprise and initiative.

And on page 4648 of the same RECORD Senator GLASS, who was then chairman of the House Committee on Banking and Currency, is quoted as saying:

Section 20 of the pending bill, Mr. Chairman, constitutes one of its vital features. It is the real point of attack by the big bankers of the central reserve cities. Recently at their Chicago conference, and now before a standing committee at the other end of the Capitol, these gentlemen enumerate various alterations which they would have made in this bill. But in real truth their fundamental and insuperable objection

is to the reserve requirement. All other faultfinding is simply strategic. This is no conjecture of my own; I assert it as a fact which has been borne in upon me time and time again since the first print of this bill came from the press. I assert it as a fact and have conclusive proof of its verity. Not one of the bankers who have recently testified before the Senate committee can controvert the statement.

The whole fight of the great bankers is to drive us from our firm resolve to break down the artificial connection between the banking business of this country and the stock speculative operations at the money centers. The Monetary Commission, with more discretion than courage, absolutely evaded the problem; but the Banking and Currency Committee of the House has gone to the very root of this gigantic evil and in this bill proposes to cut the cancer out. Under existing law we have permitted banks to pyramid credit upon credit and to call these credits reserves. It is a misnomer; they are not reserves. And when financial troubles come and the country banks call for their money with which to pay their creditors they find it all invested in stock-gambling operations. There is suspension of payment and the whole system breaks down under the strain, causing widespread confusion and almost inconceivable damage.

And then under the head of "The real fight," he says:

The avowed purpose of this bill is to cure this evil; to withdraw the reserve funds of the country from the congested money centers and to make them readily available for business uses in the various sections of the country to which they belong.

That, as I understand it, is the position taken by the Congress and in this "real fight" between the Congress and the great bankers as described by Senator GLASS, the Congress has ultimately lost and the great bankers have won. That is the problem we now call the farm problem. The very thing that the Congress attempted to do at that time is the thing the farmers need to-day. Senator GLASS also said that on the 24th day of November, 1912, the bankers had put into the maelstrom of Wall Street stock operations \$240,000,000 and at this time the brokers' loans of the reporting member banks in New York City alone amount to more than \$5,500,000,000—\$240,000,000 in 1912 when the law was enacted to prevent the centralization of control and the draining of the country's credit resources for stock-gambling purposes, and in 1928, \$5,500,000,000. The law has failed to accomplish the purpose for which it was enacted. According to the statements of Professor Seligman quoted above, the provisions on which President Wilson and Senator Owen and Senator GLASS and the other members of the Congress, relied were written into the law at the suggestion of Mr. Warburg for political reasons and for educational purposes. They wanted a central bank and the law has been so administered as to accomplish their purpose and at the same time to defeat the expressed will of the Congress. In fact the Federal reserve system is promoting the thing it was created to prevent. The President can solve the farm problem in 24 hours by administering the Federal reserve law as Congress intended. The farm problem is in reality a problem of law enforcement.

This is not a farm problem only; it is far greater than that. We shall soon determine in one way or another whether this representative Government shall endure. The competency of the Congress to cope with this situation is in question. This Government can not live unless we solve this problem speedily. A few men, by the power of their minds and their wealth, through the control of the Nation's credit supply, secured by the prostitution and subversion of the Nation's laws, are greedily taking the wealth produced by the millions who toil on the farms. The Congress stands idly by while its agency, the Federal Reserve Board, permits the law to be violated. The responsibility is ours. The law is the law we made and the board is our agency. We can solve this problem by making this law and this agency function as the Congress intended when the law was enacted. If the board can not be made to function, then we can blot it out of existence.

Let me read you two paragraphs from an article which appeared in the Saturday Evening Post of May 5, 1928. It was written by H. G. Wells, the great English historian, one of the keenest observers in the world:

However unpremeditated and incoherent its origin, the monetary credit system of the world is now in effect the nervous system of collective mankind. Its ultimate fibers end in human beings and touch and work us all. It distributes incentive. It controls stimulation, nutrition, and growth. It evokes industrial production here and inhibits it there.

He is talking about the monetary credit system of the world—

Crops grow through its beneficence and the plow stops where its currents are withdrawn. The nominal governments of men can interfere with its operations and propitiate its dispositions, but they can neither command nor prevent as it can command and prevent. So that we have at present the paradoxical situation that the real controlling organiza-

tion of human affairs is apart from and ostensibly under traditional controls that must in fact consult and consider it at every turn and are quite incapable of replacing it.

Let me repeat that I observe; I do not indict. This present state of affairs has come upon us almost unawares. Our ideas of human governments are based on legal concepts about localized, national and imperial sovereignty, and in theory every sovereign State has its own money credit system in complete subordination to itself. In practice the modern money credit system altogether transcends the boundaries of these sovereignties. So that a banker who begins to think of the conscious exercise of financial power finds himself almost from the outset thinking in terms that are treasonable to the hates and patriotism he learned at his mother's knee.

Think of it. Wells says one can not be a patriot and an international banker.

Mr. EDGE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Oklahoma yield to the Senator from New Jersey?

Mr. PINE. Yes, sir.

Mr. EDGE. Perhaps I did not follow the Senator closely, but I understood him to say that if the Federal reserve law were enforced there would be no farm problem. I should be very much interested to have the Senator augment that statement, if I am correct in my understanding of his remarks. I should like to have him tell us in what manner the Federal reserve act is being violated and, if enforced, it could settle the farm problem, as the Senator seems to infer that it could.

Mr. PINE. I shall be glad to enlighten the Senator before I conclude.

I wonder if we fully understand that this money credit system is now greater than any government; that it distributes incentive; that it controls stimulation, nutrition, and growth; that it evokes industrial production here and inhibits it there; and that crops grow through its beneficence and the plow stops where its currents are withdrawn. If the Members of this Congress believed and fully understood this statement, we would be a long way on the road to a solution of this problem. I quote from the New York World of December 4, 1927, from an article by John L. Balderston:

LONDON.—Side by side with the League of Nations at Geneva there exists to-day, unsuspected by the general public, a world league of money that already exerts far greater influence on the financial policy of the great powers, including the United States, and on trade and business conditions everywhere than would have been thought conceivable a few years ago.

The league of money works in the dark. It is as yet in an embryonic stage. It publishes no reports; it camouflages its meetings and its very existence; it represents perhaps the greatest force operative in the international world to-day, and it is strong and secret enough to keep itself out of the newspapers.

But the July conference had aims and results far greater than any outsiders realized at the time. On August 12 the Federal Reserve Board reduced its rediscount rate to 3½ per cent. When protests came from the Middle West, especially from Chicago, the hint was dropped that European conditions rendered this advisable. Not much more was said. It is now possible from revelations made on this side to make more clear what was involved, and to indicate from this incident, coupled with the German situation, that the broad claims for the existence and power and present activity of the league of money made above are not exaggerated.

The power and credit of the Nation are used by the internationalists to dominate the world; dominate it for their purpose and for their profit. They are saving the world and are charging a commission for doing it. In the National Tribune of April 18, 1929, I find the following editorial:

The reparation experts assembled at Paris have announced a plan for the formation of an international bank of settlement. This was no sudden inspiration. It has been in the making since the ending of the World War.

Business in the United States has become more and more under the domination of our great banking institutions. Our political administrators are hypnotized by the almighty dollar. During the last presidential campaign both candidates sought the protecting wing of our large financial institutions. The American mind is now concerned with profits and increasing luxuries.

We are now facing a superbank more powerful than any political organization in the world. It is well to stop and read the signs of the times.

The proposed international bank of settlement is to be a sort of Federal reserve system for the financial world—a superbank. It will be controlled by no law. It is beyond laws. Its development will be secret but tremendously powerful and beyond the reach of congresses or parliaments.

Bankers have become internationally minded. Their interests compel that. Is it any wonder they sent their chief legal adviser to

Europe to devise a scheme whereby we might enter the World Court? It is their desire to have that court strengthened by our adherence thereto to control the political affairs of the nations of the world. At the same time they will have free hand without check as to their operations. Their power and influence are beyond the imagination of the ordinary citizen who prides himself that the people control the Government of the United States. The international bankers dream of a capitalistic world empire. It is desirable to them that our Government adhere to the World Court and that all the governments of the world be submissive to its decrees while they remain aloof, beyond the control of any government.

This financial superbank will not emerge fully formed from the present conference, for that might alarm the world. Gradually, insidiously, but nevertheless progressively, it will grow until the dream of international bankers has become a reality.

We who are obligated to protect the people of this country will do well to ponder the statements of this keen observer.

I think the best picture of the power of our money lenders was given in a speech of Hon. Reginald McKenna before the directors of the Bank of England, January 28, 1928. He is chairman of the board of what was at that time the largest bank in the world and is one of the greatest authorities on international finance. Among other things he said:

It is necessary now to observe the bearing of the American monetary policy on the operation of the gold standard. To-day, as before the war, the price of gold in America is fixed, and we are apt to assume that the value of gold continues to govern the value of the dollar. But such an assumption is no longer correct. While an ounce of gold can always be exchanged for a definite number of dollars, the value of the ounce will depend upon the American price level. If the price level in America fluctuated according to the movements of gold, the purchasing power or value of the dollar would still depend, as it did formerly, upon the value of gold. But we know that this is not so. As I have just shown, the American price level is not affected by gold movements but is controlled by the policy of the reserve banks in expanding or contracting credit. It follows, therefore, that it is not the value of gold in America which determines the value of the dollar, but the value of the dollar which determines the value of gold.

The mechanism by which the dollar governs the external value of gold is obvious. If the price level outside America should rise in consequence of an increase in the supply of gold, America would absorb the surplus gold; if, on the other hand, the external price level should fall in consequence of a shortage of gold, America would supply the deficiency. The movement of gold would continue until the price levels inside and outside America were brought once more into equilibrium. Although gold is still the nominal basis of most currencies, the real determinant of movements in the general world level of prices is thus the purchasing power of the dollar. The conclusion, therefore, is forced upon us that in a very real sense the world is on a dollar standard.

Such is the position as I see it to-day, and I am naturally led to ask how long it is likely to continue. America is able to control the world price level because of two conditions: In the first place, her gold stocks are so great that she can afford to lose large quantities without running any risk of the gold reserve falling below the legal minimum; in the second place, her central banking system is so constituted that, given her great wealth, she can absorb large quantities of gold and at the same time deprive it of its credit-creating powers. In a word, America is rich enough either to lose gold or to gain it. She holds now one-half the total monetary gold of the world.

The only condition, as far as I can judge, under which America might be drained of her gold surplus is that she should continuously make foreign loans beyond her true capacity to lend. That she will lend excessively at times is quite probable—there are indications, indeed, that she has done so recently; it is by no means an uncommon practice with ourselves, but that she should overlend so heavily as to make a serious inroad into her surplus gold seems to me very unlikely. I conclude that as long as conditions remain at all similar to those we know to-day America will be able to pursue her credit policy without regard to gold movements and to maintain control over the world level of prices.

I understand that great authority to say that the world is no longer on the gold standard, but is now compelled to use the American dollar as the standard or measure of value, and that the system by increasing or decreasing the supply can change the purchasing power or value of the dollar. The inequitable and sectional application of this power within our own country is the cause of our trouble.

Prices depend on the quantity of money and credit available. Those who control the quantity of credit control prices. This principle can be and is applied in this country sectionally. For nine years the rural sections—the farmers—have been deflated and farm values have been divided by two and at the very same time the stock market has been inflated and stock prices multiplied by three. To quote Wells again—

This present state of affairs has come upon us almost unawares.

Apparently the Congress has been completely unaware of this state of affairs. I have sat here four years and have never heard it mentioned. The Congress must take cognizance of the fact that a new agency, a new instrumentality, has been developed and that it is being used as an engine of destruction by a few who do not believe in the fundamental principles of this Government and who are not restrained by the laws of God.

Our fathers wrought out and bequeathed to us the greatest government ever conceived by the mind of man. That government is now on trial. What shall we do with this priceless heritage which for the moment is in our keeping? Shall we maintain it and hand it down unimpaired to our successors, or shall we like cowards permit it to be destroyed? A great majority of those in control of the world's money-credit system do not believe in the fundamental principles of this Government. Tons of propaganda have been sent out to destroy the confidence of the people in the intelligence and the integrity of their representatives. They do not believe that all men were created equal. They do not believe in a government of the people, by the people, and for the people. They do not believe in equality of opportunity which has been pledged to the farmers of America by both political parties. They believe in the aristocracy of wealth and that men are born to high and to low estate. They think the farmer should not have an automobile, should not ride in a Pullman car, should not go to a hospital when he is sick or send his son to a university. They would deny to him the American standard of living and make of him a peasant.

If we would save the farmer and save the Nation, we must take the control of the Nation's credit supply from those who do not believe in American principles. Our credit supply must be completely under the control of our Government. It is a governmental function and all who have any authority in connection therewith must be obligated to the people and must be directly responsible to them for their actions. In our effort to take it out of politics we have taken it from the control of the people's representatives and have turned it over to the high priests of special privilege. We must get back to the representative government provided by the Constitution. This Federal reserve system with its dual government and banker control, with its divided authority and without responsibility anywhere, with its banker advisory board without obligation to anyone, is not an American idea; it is a sucker growth and does not fit comfortably into any of the three branches of government provided by the American Constitution. The direction, distribution, and control of the people's credit supply is a governmental function and we will never have an equitable administration until it is exercised by the Government.

In the May 19, 1928, issue of the Literary Digest there was an article which stated that during the month of March alone 300 new millionaires had been created by the upswing of the stock market and that a lavish expenditure for luxuries was the result. The story read like a 1928 version of Belshazzar's feast. Think of it, 300 new millionaires with millions of wealth they had not produced and for which they had rendered practically no service to humanity, and, on the other hand, we have the millions of farmers who had produced this wealth and had rendered a great service to humanity, but did not have it. We need not trace the steps by which it passed from one to the other in order to know that the Government which makes the rules and referees the game permitted a great wrong to be done. Business is a great game, a great contest for the wealth produced in the Nation. The Congress makes the laws, the rules governing the game, and the agencies of the Government construe the rules and referee the game. We have this problem we are now considering because the umpire has been throwing the game, has been giving all the breaks to the great bankers. Too many public officials follow the course of least resistance. The provisions of the reserve law that were included for the benefit of the farmer have been restricted, ignored, nullified, and the other provisions of the law have been expanded, construed liberally, and in some cases they have gone entirely beyond the indefinite limits set by the law. In this game we can not expect the farmers to beat their opponents and the umpire, too. It is up to the Congress to give them honest laws and an honest umpire.

The efficiency of the farmer has been questioned by those who are less efficient. Last July I passed through the great cornfields of Illinois and I was impressed with this thought: Here was the best farmer the world has ever seen farming a piece of the best land God ever created with the best climate for producing corn man has ever discovered. Every stalk was in its place indicating he had tested his seed corn, all were of a uniform height, not a bastard stalk in the field, showing selection and breeding. He had done the work, the field was well cultivated, and there was not a weed in sight. It was apparent he had used all that a hundred years' experience had developed and had used all the science the agricultural colleges had taught

in the production of that crop. It was evident everywhere that land was in the hands of a master—a master of agriculture. God, man, and nature combined in a great effort and they succeeded in producing a great crop which afterwards was harvested and marketed at a loss to the great man who produced it. This man rendered a great service to humanity, he contributed greatly to the wealth of the Nation, he contributed largely to the health and well-being of our people and received no profit for it. The laborer is worthy of his hire, and this Nation can not long endure such dishonesty.

I have sat in this Chamber for four years and have heard the discussions that have been made, and it seems to me that all have been directed at the result and not at the cause of the problem. It seems to me that this is the reason we have made little or no progress and that we should center our minds and our efforts on the cause. Practically all investigators agree that the surplus is the heart of the matter and for many years we have been trying to devise some way for the Government to handle the surplus. It is practically impossible to control the surplus after it is produced, but it is entirely possible for the Government to control and remove the conditions which cause its production. The farmer does not work like a slave because he likes it but because of necessity. Remove the necessity and there will be little or no surplus.

For nine long, weary years the national bank examiners, the local contact agents of the Government, have been forcing the rural banks to collect the loans made to the farmers. This has forced the farmers' property on the market and has destroyed farm values. When financial pressure is put on a farmer he meets the condition by making greater effort, by planting more acres of the money crop. In the cotton region the money crop is cotton. At this time it is very interesting to note that the cotton acreage of 1922 was greater than the acreage of 1921, that the acreage planted in 1923 was greater than that of 1922, and 1924 was greater than 1923, and 1925 was greater than 1924, and the acreage planted in 1926 was much greater than that planted in any other year in all the Nation's history. As a result an 18,000,000-bale crop was produced, the largest of all time. This was the direct result of the persistent financial pressure put on the cotton farmers by the bank examiners, the agents of the Government. The farmers worked harder because it was necessary, because there was no honorable way of avoiding it. They sold this 18,000,000-bale crop for less than they would have received for a 9,000,000-bale crop. They made a stupendous effort to produce the cotton with which to pay their debts, and their very success in producing defeated them. They were the victims of their own efficiency. I wish I could paint a picture which would give some idea of the human effort required to produce an 18,000,000-bale cotton crop. I wish I were able to determine the number of casualties chargeable to that effort. These Americans made this great effort, endured all these privations and hardships, and at the end of the year they were worse off financially than they were at the beginning. The consumers paid millions of profit on this crop, but this Government for which we are responsible permitted others to take all the profit. In fact the powers and the agencies of the Government were used to force the production of an excessive crop which made it impossible for the producers to participate in the profits. When investigated by the Sixty-seventh Congress it was found that the consumers paid twenty-two and one-half billion dollars for what the farmers produced and out of this the farmers received only one-third, or seven and one-half billion dollars, which is less than the cost of producing it.

The President tells the Congress—

The administration is pledged to create an instrumentality that will investigate the causes, find sound remedies, and have the authority and resources to apply those remedies.

I am willing to give him anything and everything he thinks is necessary to do the job, but in my opinion he needs nothing but a big stick. A prudent man who means business does not select a complicated machine when he has a snake-killing job.

The great man at the other end of the Avenue has said that law enforcement is the great problem of the time. With this I agree fully and completely, and I trust he will be able to see that this so-called farm problem is another law-enforcement problem. For every dollar that is taken by forgery and embezzlement a thousand are taken by law evasion and for every one that is murdered a thousand lives are cut short by poverty—preventable poverty. When the Government exercises, when necessary, all the powers belonging to the Government and construes the Federal reserve law as Congress intended, then there will be no farm problem.

History tells us of another time when the international bankers usurped authority and made the defenseless pay tribute. Then, as now, they sat in the highest place in the land and spread their poison and discredited the duly constituted authori-

ties. The carpenter's Son, the meek and lowly Nazarene, the Christ, the Son of God, drove them from the temple. He said, "It is written, my Father's house shall be a house of prayer; but ye have made it a den of thieves." It is significant that in all the realm of God there was no remedy except force—raw physical force. The money changers were so wise in their own conceit that they had contempt for all others, but this remedy they understood. It was effective. The money changers, the high priests of special privilege, have entered into the very sanctuary of this Government, have violated and prostituted the laws, have taken control of and dominate and have made of this house given us by the fathers a den of thieves. All Scripture is given us for example.

Mr. President, I have here an address which I delivered at a chamber of commerce meeting in Oklahoma early in this month, which I ask may be placed in the Record as an exhibit to my remarks.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). Is there objection? The Chair hears none, and it is so ordered. (See exhibit.)

Mr. EDGE. Mr. President, I desire to ask the Senator from Oklahoma a question. During the course of the Senator's remarks I interrupted him and propounded a question as to what part of the Federal reserve act had been violated, and, secondly, in what way would a correction of that abuse, if such abuse exists, settle the farm problem. I listened with careful attention, and I do not think he has answered that question. What part of the Federal reserve act has been deliberately violated by the Federal Reserve Board?

Mr. PINE. The Congress intended that there should be 12 regional Federal reserve banks; in fact, 12 money centers in the United States. We do not have 12 money centers in fact. The law has been so administered as to defeat the very purpose of the Congress.

Again, in May, 1920, 56 men assembled here in Washington and inaugurated a deflation policy. That policy has ceased in all parts of the country except in the agricultural regions. In the State of Oklahoma that deflation policy is still in effect. It is being administered by the national-bank examiners. The credit resources of our country are being drained, and as fast as they are drained prices are declining in Oklahoma, the money is going to New York City and is adding to the inflation there, and as a result stock prices are continually advancing.

Mr. EDGE. Does the Senator believe that if it were easier for the farmer to borrow money it would help solve the farm problem? I am trying to follow his line of argument.

Mr. PINE. Slightly, but that is not the principal thing. It has been manipulated so as to destroy farm values. That is the important thing. The prices of commodities depend on the quantity of money and credit available, and when the credit is withdrawn from the community values are destroyed. The withdrawal of credit from the agricultural sections of the country has destroyed the values of farm property, and, of course, the farmers can not pay their debts.

Mr. EDGE. I appreciate the explanation of the Senator. I can not agree with him, but I shall not get into a debate with him on the question to-day.

EXHIBIT

Address of Senator W. B. PINE before the Chamber of Commerce of Oklahoma in April, 1929

THE FARM PROBLEM

If we would solve the farm problem we must first determine the cause.

On May 18, 1920, 56 men assembled in a room in Washington and secretly changed the credit policy of the Nation. Five of them were members of the Federal Reserve Board, 1 was a Congressman soon to become a member, 1 a counselor for the board, and the remaining 49 were bankers, most of them big bankers. When the 56 sat down in that room the farmers were prosperous; never more prosperous in all their lives. When the 56 rose from the table the farmers were bankrupt. It took some of them years to find it out, but if they were average farmers and relied entirely on the income from agriculture it was impossible for them to survive the years under the changed credit policy. In 12 months it took 100 per cent more farm products to get a dollar. No industry can survive such treatment by the Government. The farm industry is in worse condition for the sole reason that it was deflated more and deflated longer than any other industry.

It is an astounding fact that on this day the 56 men assumed that they had the power to control and distribute the Nation's credit supply, and they also assumed that through this control of credit they controlled the Nation's production of commodities. If anyone doubts this statement he should read and carefully study the minutes of that meeting. The governor of the board said, "The fact must be recognized that however desirable on general principles continued expansion of trade and industry may be, such developments must accommodate

themselves to the actual supply of capital and credit available." This day the Nation's business was put in a strait-jacket. They took control of the credit supply and then reversed the law and said trade and business must accommodate themselves to the actual supply of credit they made available. The law requires them to supply the credit necessary to accommodate trade and business. The law makes them servants; they reversed the law and made themselves masters. From that day to this hour the credit supply of the Nation has been directed and controlled. They assumed the right to discriminate between industries; some were considered essential and some were considered nonessential. Out of that experience they learned their power and since then they have been discriminating between industries and between sections of the country in the distribution of the common credit supply.

The governor also said the objective was to "restrict credit and increase production particularly of food crops." Please note carefully the objective or purpose of the meeting. It is the key to the farm problem. There was no farm problem at the time—here is where it began.

Practically all present were bankers and it is not at all singular that they decided that it was necessary to restrict credit, make scarce, reduce the supply, of the thing they were selling. No farmers were present and it is not surprising that they decided it was necessary to increase production, make abundant, increase the supply (create a surplus), particularly of food crops. They discussed the matter for several hours and determined a policy for the board and for the bankers, laid their plans, and made all necessary arrangements for accomplishing their purpose. That is, to restrict credit and increase production, particularly of food crops. They immediately set it in operation and succeeded beyond their expectations. To the extent they succeeded they are responsible for the farm problem. The purchasing power of the dollar, which was made scarce, went up and the price of commodities, which were made abundant, went down. They did not reduce the farmer's investment one cent, they did not reduce his indebtedness, nor his interest charge, nor his taxes, nor the number of mouths that had to be fed. His fixed obligations remained practically the same while his income was divided by two. The climate is the same, the productive capacity of the land has not changed, and the farmers are more efficient than ever before. In his effort to survive he has produced more per man and has rendered greater service to the Nation. He is the best farmer the world has ever seen, yet he is a failure because those in control have manipulated the Nation's credit supply so as to reduce the value of his property and his products.

Five official investigations of the farm problem have been made by groups composed of men competent to determine the matter. In one conclusion they all agree and that is, the surplus is the heart of the problem.

When seeking a solution it is well to keep in mind that on May 18, 1920, the Federal Reserve Board, which has more power than any other group of eight men in the world, combined with the great bankers of the Nation, determined on a program that had for its objective the "restriction of credit and the increasing of production, particularly of food products." This policy or program is still being enforced in the rural sections of the country.

From 1920 to the present the national-bank examiners have been compelling the rural bankers to collect the loans made to the farmers and local merchants. At this time many of the small banks are not permitted to serve the communities that support them. They gather up the money—the circulating medium—the medium of exchange in that community and ship it out. Of course, depression and bankruptcy follow. To show the actual conditions I below compare the resources of May 4, 1920, with the resources of December 31, 1927, of a certain, typical, national bank in a town of 3,000 people in Oklahoma:

	May 4, 1920	Dec. 31, 1927
Loans to customers.....	\$235, 132.71	\$42, 221.19
Commercial paper.....		183, 400.00
Overdrafts.....	2, 377.26	77.50
Real estate.....	7, 000.00	8, 300.00
Furniture and fixtures.....	3, 267.00	6, 460.00
Redemption fund.....	312.50	1, 250.00
Stock Federal reserve bank.....	900.00	1, 500.00
Bonds to secure circulation.....	6, 250.00	25, 000.00
Warrants Caddo Co.....	4, 029.86	56, 224.07
United States bonds and certificates.....	28, 851.92	45, 550.00
Other bonds.....		131, 000.00
Call loans.....		130, 000.00
Cash and due from banks.....	204, 379.57	423, 352.88
Total.....	492, 500.82	1, 054, 335.64

This statement shows that the liquid capital, the lifeblood of business in that community, has been withdrawn by what might be called "the draining and freezing system."

Under the new policy of the Federal Reserve Board as administered by the bank examiners the money of that little town has either been drained out by investing it in commercial paper or call loans or it has been frozen by investing it in bonds. In either case it no longer circulates or stimulates business in that community. It is now stimulating business and adding to the prosperity in some other section of the country. It is making possible new industries or new build-

ings in some large city, or it is contributing to the inflation of the credit supply in New York City, which is causing the activity in stocks and causing the advance in stock prices. Please remember it is the bank examiners, the agents of the Government, who are compelling the rural bankers to withdraw the credit from the local farmers and merchants, and when they finally succeed in collecting the local loans the money accumulates in the little bank, then it naturally gravitates to the money centers, which no doubt is the objective in the minds of those who are responsible for this policy.

Under this policy the rural bankers are not permitted to serve the local people. A careful study of the above bank statement reveals the fact that in 1920 this bank was an asset and rendered a service to the locality in which it is located, but in 1927 it had ceased to be an asset and had become a liability. It had become a parasite and was sucking up the lifeblood of business and shipping it out to add to the prosperity of the great cities. From the standpoint of the community it would be better if the depositors withdrew their money from the bank and kept it themselves. Then they could and would lend it to their neighbors who need it, and the examiners would have nothing to say about the terms of the loan. The present policy is destructive. It is an economic crime. This little city in Oklahoma needs its capital in the same way and to the same extent as the large cities, and for the agents of the Government to deny this fundamental right is to commit a great wrong.

Since 1920 the country banks have been buying bonds, and the Comptroller of the Currency has become the greatest "securities" salesman of all time. Securities will continue to advance in price as long as the Government manipulates the credit supply in such way that the country banks are compelled to buy them, and, on the other hand, there will be an acute farm problem as long as the legitimate credit supply is diverted by the Government to other channels.

BANK FAILURES

During the seven years between June 30, 1913, and June 30, 1920, there were 456 bank suspensions in the United States, or at the rate of 65 per year. In the eight and a half years between June 30, 1920, and December 31, 1928, there were 5,128 suspensions, or at the rate of 603 per year. The rate in the last period was nine and one-half times what it was in the first period. It is well to keep in mind that during the latter period the credit supply was directed and controlled as it never had before been directed and controlled and that most of this increase in bank suspensions occurred in the States where agriculture is the dominant industry. Those who were in control construed the law so that it did not meet the needs of the farmer. Under the present rules farm commodities are not good security for loans until the instant they leave the farmer. Everybody can use Federal reserve credit to carry or speculate in farm commodities except the farmer. This rank discrimination is in violation of the spirit of the law and is one of the immediate causes for the increase in rate of bank failures in the rural sections. In 1925 the Federal reserve system set aside \$200,000,000 in gold to assist England to return to the gold standard and at the same time more banks were failing in this country than at any other period. April 10, 1926, a run was started on a bank in Cuba and the Federal reserve system furnished between \$30,000,000 and \$50,000,000 to stop it and save that foreign bank. During that year 956 banks failed in this country and practically nothing was done to save them. The American credit supply which was not available to save American banks was made available to save this bank in Cuba. Had the same interest been manifested and had the same aggressive procedure in the case of the Cuban bank been used, there would have been practically no failures in America. Controlling and distributing the credit supply which belongs to all the people—not to the bankers—is a function of the Government, and if the Government fails to exercise this power then men dominated by selfishness and greed will exercise it to advance their own interests.

Much has been said about the reasons for the unusual number of bank failures in the agricultural regions since 1920. Most of the rea-

sons urged and accepted are untrue. War inflation was not the cause because there was as much inflation in Massachusetts, where banks did not fail as there was in Iowa, where they did fail. High prices of land were not the cause, because the average selling price of Iowa land was never high enough. The man who sold his land in 1920 did not receive as much for it in purchasing power as the man who sold in 1913. The price was not high, it only seemed to be high, because it was expressed in or measured by the Government's depreciated dollar. It was not caused by speculation, because there was less speculation in the agricultural sections than elsewhere. Speculators prospered and continue to prosper. I insert the statement below to show that it was not because the rural bankers were lacking in intelligence or integrity or that they were at fault in any other way.

National-bank failures

	Massachusetts		Iowa	
	Num-ber	Rate per year	Num-ber	Rate per year
1863 to May 18, 1920 (57 years).....	17	0.30	17	0.30
May 18, 1920, to Dec. 31, 1927 (7½ years).....	1	.13	66	8.65

It will be noted that for the first 57 years of national banking there were 17 national-bank failures in Iowa and exactly the same number in Massachusetts. By 57 years' history, by 57 years' actual experience, it was demonstrated that the bankers of Iowa were just as intelligent in the management of their banks as the bankers of Massachusetts; and as far as bank failures are concerned, it shows conclusively that the bankers of Iowa in integrity were the equals of the bankers of Massachusetts. Then, without a change in the bankers, without a material change in the productivity of the States, something awful happens, because on May 18, 1920, a great change in the rate of bank failures takes place. In the next seven and five-eighths years only 1 national bank in Massachusetts fails, and during the same period 66 fail in Iowa. While the rate of bank failures is being divided by 3 in Massachusetts, it is being multiplied by 28 in Iowa. Natural conditions remain the same in the two States. During the latter period the people of Iowa were more efficient and were more successful in producing commodities than in the first period. This was caused entirely by the inequitable, the sectional, application of the deflation policy of the Government. The farmers of Iowa are the most conservative people in the world. They are intelligent. They are more efficient than the bankers of the Nation, and yet they have failed because their Government has discriminated against them and permitted others to discriminate against them in the distribution and in the manipulation of the Nation's credit supply.

At this time there is great discrimination between sections of the country in the distribution of Federal reserve credit. The rules are so drawn that the farmer is denied the use of his own credit. If the farmer is good and wants credit, then the Government, having taken control of the Nation's credit supply, is obligated to see that he gets it. To deny him the credit to which he is entitled is to deny him one of his inalienable rights, and it makes no difference whether he wants it for 10 days or 10 years. The Government is obligated to see that he gets it on the same terms that are granted to those engaged in other industries.

The statement below compares the volume of credit extended by the Federal reserve system to the different States, and reveals the fact that the industrial States are accommodated and agricultural States are not accommodated. The credit extended in 1920 is taken as 100 per cent, because at that time practically all the States were equally inflated and all were equally prosperous. The percentage shown for each year is the percentage of 1920 extended to the State for that year.

Federal reserve credit

VOLUME OF BILLS DISCOUNTED BY FEDERAL RESERVE BANKS BY STATES IN WHICH BORROWING MEMBER BANKS ARE LOCATED
[In thousands of dollars]

	Massachusetts		Iowa		Pennsylvania		Oklahoma		California		North Dakota		Ohio		Montana		Washington	
	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent	Amount	Per cent
1917.....	303,761	7	53,924	6	260,429	3	25,694	9	75,009	4	3,061	5	161,586	15	2,815	5	11,163	3
1918.....	1,499,921	33	385,192	46	2,290,569	31	148,346	55	545,594	28	17,518	31	790,609	74	11,794	22	166,741	49
1919.....	4,108,984	90	547,591	66	12,195,126	167	306,560	114	1,034,429	54	18,412	33	1,324,416	124	14,260	27	359,658	106
1920.....	4,554,280	100	823,605	100	7,291,842	100	267,739	100	1,911,319	100	55,649	100	1,062,757	100	52,344	100	339,012	100
1921.....	4,170,612	91	635,256	77	5,536,545	76	239,655	89	1,923,647	104	65,304	117	1,215,924	114	65,531	125	234,339	68
1922.....	2,068,564	45	198,467	24	3,078,672	42	56,677	21	1,107,212	58	20,768	37	669,974	63	28,370	54	75,274	22
1923.....	3,365,562	74	181,396	22	4,118,888	56	60,393	22	1,710,698	89	14,276	25	933,910	88	17,997	34	122,584	36
1924.....	645,969	14	122,690	15	1,888,144	26	37,621	14	693,935	36	12,030	22	489,691	46	7,473	14	71,349	21
1925.....	1,872,751	41	83,057	10	3,843,036	52	17,349	7	1,827,435	96	3,430	6	1,083,257	102	1,792	3	151,109	44
1926.....	2,557,919	56	68,190	8	4,774,943	67	32,153	12	2,069,286	109	4,915	9	1,099,125	103	2,107	4	152,543	45
1927.....	1,915,716	42	45,266	5	4,864,527	68	26,260	10	2,628,010	127	6,004	11	823,876	77	1,903	4	184,194	54
1928.....	3,959,401	87	69,374	8	9,156,831	125	51,490	19	4,590,456	240	4,915	9	1,623,821	153	2,542	5	621,241	183

This statement shows that Iowa was deflated more and was deflated longer than Massachusetts. In fact, deflation, which ceased in 1924 in Massachusetts, is still in progress in Iowa. The national-bank examiners are at this time vigorously prosecuting the 1920 deflation policy in the rural sections. In 1928 Massachusetts drew 87 per cent of the credit from the system she drew in 1920 and Iowa drew only 8 per cent. They were equally inflated and equally prosperous in 1920. In 1928 Massachusetts has inflation and prosperity and Iowa has deflation and depression. This is caused entirely by the inequitable, by the sectional administration of the Federal reserve law. It is so administered by the board and by the examiners, who are the contact men, that the farmers can not secure their part of the credit supply, and the law is so misconstrued and the rules are so drawn that the farmer is eliminated from the picture. As administered before 1920 it did meet the needs of the farmer, and his troubles all grow out of the change in the credit policy of the Government.

The above statement shows that California is now drawing from the system 240 per cent of the credit supply she drew in 1920. As a result houses can hardly be built fast enough in Los Angeles to meet the needs of the people who are moving to that city. Study the above statement and you will note that the States which are drawing from the common credit supply an amount equal to that drawn in 1920 are as prosperous as they were at that time, and that the States which are drawing less credit than they did in 1920 are suffering from depression and bankruptcy. Where there is inflation there is prosperity and where there is unusual and unnecessary deflation there is business paralysis. From the standpoint of Iowa, Oklahoma, North Dakota, and Montana the Federal reserve system is not serving the farmers; is not doing the thing it was created to do; is a failure. It is not only failing to supply them with the credit they need but is taking from them their own credit supply which they would have if there were no Federal reserve system.

We are permitting the Nation's farm plant to be destroyed. The income is so low that ordinary repairs can not be made; in fact, the farmers are compelled to leave the farms and seek a living elsewhere. In 1928 the farm population drops to the lowest point in 20 years. We must give some attention to the Nation's food supply.

REPRESENTATIVE GOVERNMENT

This Federal Reserve Board has great power. By inflating and deflating the credit supply it can influence and almost control the average price level. All men are provincial, particularly bankers. An official must construe and administer the law with the mind he has, and his mind is the product of his training and experience. The board at this time is sectional. Six of the eight members, or three-fourths of them, come from the northeastern quarter of the country. Most of them are bankers. With two exceptions the rate of bank failures is particularly low in the States from which they come. They are administering the law so that it meets the needs about which they are informed. Of course, they can not administer it to meet the needs of the farmer, because they are not informed of his needs. More of the board should have a knowledge of farming and come from the rural sections. Then when the financial policy of the Nation is made up the needs of agriculture will receive more consideration.

SOLUTION

1. Eliminate sectionalism from the Federal Reserve Board.
2. Eliminate banker control. It is now administered by and for the great bankers.
3. Have 12 money centers, as contemplated by the law, instead of 1.
4. Make the farmer's paper circulate as freely as acceptances or any other paper. In the absence of discrimination it is the best paper in the world.
5. Construe the law as intended, so that the money from the country will not be withdrawn and used for stock-gambling purposes.
6. In the distribution of American money and credit give first consideration to the needs of our own citizens.

We do not need a farm board nor a coal board, but we do need an equitable administration of the laws by the Federal Reserve Board. The existing law is adequate. Common honesty and a zealous, equitable administration of the laws will solve the farm problem. In other words the Government must function, must serve the purpose for which it was created and for which it is maintained. The weak (farmers) must be protected; the strong (international bankers) are able to take care of themselves.

Mr. SHEPPARD obtained the floor.

Mr. WATSON. Mr. President, will the Senator from Texas yield to me?

Mr. SHEPPARD. Certainly.

Mr. WATSON. I would like to ask the Senator from Oregon [Mr. McNARY], because a number of Senators are asking me and I would like to answer all of them at once, whether or not he expects a vote to-day on the Norris amendment?

Mr. McNARY. I very much desire a vote on that amendment to-day if possible, and I think it is possible. Upon inquiry I

find there is no Member of the Senate who desires further to discuss the question.

Mr. WATSON. That is what I understood. The Senator from Texas [Mr. SHEPPARD] has said he will speak about 25 or 30 minutes.

Mr. SHEPPARD. Possibly not so long.

Mr. WATSON. And after that the Senator from Oregon will ask for a vote on the Norris amendment?

Mr. McNARY. That is correct.

Mr. SMITH. Mr. President, before the Senator from Texas proceeds will he yield to me that I may ask a question of the Senator from Oregon?

Mr. SHEPPARD. Certainly.

Mr. SMITH. Am I to understand the Senator from Oregon to say that he wants to have a vote to-day on the debenture plan or just the Norris amendment?

Mr. McNARY. On the amendment proposed by the Senator from Nebraska [Mr. NORRIS] to the debenture plan.

Mr. SMITH. The Senator does not intend to ask for a vote any further than that to-day?

Mr. McNARY. Not at all.

Mr. NORBECK. Mr. President, before the Senator from Texas proceeds will he permit me to say just a few words?

Mr. SHEPPARD. I yield to the Senator from South Dakota for that purpose.

Mr. NORBECK. Mr. President, I am not going to make a speech, but merely make a few remarks in reply to statements made during the day that will appear in to-day's Record.

I have watched the so-called farm relief legislation with a great deal of interest. I have attended about 25 hearings of the Committee on Agriculture and Forestry in the Senate. I have listened to most of the debates in this Chamber. I have also tried to keep up with the discussion in the House, but I did not until to-day learn about one Member of Congress who claims that the House bill would give the American farmer an additional 5 cents for the price of his wheat. To-day's Record will contain a speech in which it is contended that the experience of the so-called Canadian Stabilization Corporation, commonly called the Canadian wheat pool, justifies the hope that our farmers will receive an additional 5 to 30 cents per bushel for their wheat.

I feel certain that the evidence before the Senate committee does not justify any such hope, and I do not want to encourage our farmers to expect something that is impossible.

I believe the best testimony available is that of Mr. A. J. MacPhail, president Saskatchewan Department of Wheat Producers and Canadian Department of Wheat Producers, Regina, Saskatchewan, who appeared before the Senate committee. Mr. MacPhail appeared to be a very successful man. He was sincere and careful in his statements. He impressed the committee with the fact that he had struggled with a hard problem and had, in a measure, succeeded. He is proud of his success, and he has a right to be.

He was questioned closely by members of the committee anxious to learn of some plan that would make the 42-cent tariff effective on wheat and give the American wheat farmer an American wage with an American standard of living. The testimony appears on pages 555 to 589 in the printed hearings.

The most we could get Mr. MacPhail to say was that they had refunded the Canadian farmers 1½ cents per bushel the last year and 2 cents per bushel the previous year. He stated that he believed some additional advantage had been obtained by a more orderly marketing than had previously prevailed. The management was economical; they had capable and honest men in charge of the pool. He refused to even make an estimate as to what that additional advantage reflected to the farmers in the way of better prices. He admitted that those outside of the wheat pool enjoyed the same advantage; in fact, he told about Canadian farmers who remained out of the pool because they got the same advantage as being in the pool, and that without contributing anything to the cause. Although they sold individually, they profited by the better marketing conditions. He felt that the effect of the pool was to stabilize the market somewhat. Of course, he had reference to the world market or the Liverpool market, where the Canadian surplus is sold.

In answer to a question, he said he thought possibly the American farmers had also received the benefit of this stabilization which had been provided by the Canadian wheat pool.

He explained that the pool was purely a volunteer matter without Government aid or a Government subsidy. He denied that his organization had anything to do with securing those very favorable freight rates on wheat for the northwest Provinces. He also admitted the difficulty in extending their organization into the eastern or older Provinces of Canada, and said

it was much more difficult to organize farmers in the old settlements than in a new country. While he did not state so, I presume he had reference to the fact that in the older communities farmers already belonged to different organizations and it was hard to get a new one started that would include any large percentage of them—in fact, his testimony must be construed in the light of what he said. This means that it is only in a virgin field that an organization of this kind can succeed by securing the necessary number of members.

Mr. MacPhail stated frankly that the big result of the Canadian wheat pool was the better spirit of cooperation that has been developed among the farmers. He did not count the small additional price they had secured as the most important reward.

I am sure that Mr. MacPhail impressed every member of the committee very favorably, from the chairman at one end of the table to the newly elected Senator at the other end. I refer to Republicans and Democrats alike. No man has appeared before the committee who was more sincerely interested and knew his subject better. No one appeared who was more careful in his statements. He did not claim 40 or 50 cents a bushel; he did not claim 30 cents a bushel; he did not claim 5 cents a bushel. He claimed definitely $1\frac{1}{2}$ to 2 cents a bushel, and some other less tangible advantages, chief of which was the cooperative spirit developed. His testimony was accepted by the committee 100 per cent and can well be accepted by this body. It indicates what a proposed stabilization corporation can do with wheat if its management is honest, wise, and economical.

Mr. SHEPPARD. Mr. President, the failure of the Republican Party to devise a satisfactory measure for the relief of agriculture is another evidence of its faithlessness and inefficiency. It is another indication of the fact that the American people must turn to the Democratic Party if this and other problems are to be correctly solved. The danger is that a few more years of Republican supremacy may make it impossible to restore justice to agriculture and the people. For 60 of the last 68 years the Republican Party has been in entire control of the Nation, or in sufficient control to assure the preservation of its policies. What is the result? The vast majority of the American people have been transformed from owners into tenants and employees. Not only have the privileged few acquired by far the greater part of the Nation's wealth, but through absorptions, combinations, associations, trusts, monopolies, and near monopolies, and other forms of economic conquest, they are dominating almost all American industry and business. The situation falls with especial severity upon the farmer. The Republican Party permits him to continue at the mercy of the interests that dominate manufacture and distribution with the consequence that farming, on which civilization in the last analysis depends, has become the least remunerative of any business in America. Perhaps three-fourths of those engaged in farming are tenants or hired laborers, with no prospect of getting beyond that status as long as Republican policies prevail. The channels of opportunity for the ownership and direction of some enterprise by the average individual or group of individuals are rapidly closing. Unless things are changed the average man and woman in the United States will soon face permanent dependence on a master class for the employment that means life itself, a condition that will signify the death of liberty.

Mr. BARKLEY. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. SHEPPARD. I yield.

Mr. BARKLEY. The suggestion has already been made from some source that as a solution of the farm problem the chain-store idea be inaugurated by the purchase of all the farms by some sort of a central organization and hiring the farmers who are now living on them as tenants to operate the farms. That has been proposed seriously as a remedy for the farm evils which now exist.

Mr. SHEPPARD. And that will be but another of the chains that are being forced upon the American people.

Mr. President, nothing stands out more clearly against the background of the last 60 years than the alliance of the Republican Party with concentrated financial power and all the forces of reaction. It can not escape the indictment that to an alarming degree it has permitted the control of wealth and industry to pass into the hands of a small and seemingly omnipotent group. It can not evade the charge that it has failed through nonenforcement of existing laws, nonenactment of necessary additional laws, to suppress the influences that hold a despotic sway over industry and trade, destroy or cripple competition, and through the various methods of acquisition close the avenues of opportunity which should be kept open for all. It can not avoid the accusation that it has permitted or that it has caused our economic system to fall almost fatally out of bal-

ance; that it has failed to meet modern crises and conditions in the interest of humanity. It is the instrument of the mighty, not the servant of the mass. It must give way to the Democratic Party if privilege is to be uprooted and equal rights are to be restored in this Republic.

The Democratic Party has been in entire control of the Government for but two brief periods during the last 68 years—the two years from 1893 to 1895 and the six years from 1913 to 1919. Manifestly the 2-year period was all too brief for even a beginning and may be dismissed with the statement that the oft-repeated assertion by our critics to the effect that the Democratic tariff law of 1894 caused the panic which began in 1893 is too absurd for further notice. American history shows that the American people have always turned to the Democratic Party for an equitable adjustment of the tariff.

Even the 6-year period was too short for Democratic measures and policies to receive a full trial and a thorough test, but a review of such measures and policies will show the loyalty of the Democratic Party to the people as well as its constructive capacity. When the Democratic Party took control in 1913 the Republican Party had been in complete power, or in such partial power as to be able to block the remedial action of the Democracy, for most of the preceding 50 years. It had neglected or ignored, so far as efficient action was concerned, subjects of such vital interest as an adequate banking system, rural credits, condition of agriculture and labor, repression of monopoly, Federal aid for highways, Federal aid for vocational training, adequate distribution of agricultural information, national warehousing system, scientific marketing of farm products. The Democratic Party on its accession in 1913 proceeded to enact pioneer, initial legislation, or advanced constructive legislation on virtually all these matters, showing it to be the country's chief hope for needed action in the interest of the people as a whole. It is true that the Republican Party, after its return to supremacy in 1921, enacted continuing legislation in connection with these subjects, following the creative lead of Democracy, but it has failed to meet the situation that has grown up in connection with two of the most important questions of the time—farm relief and control of monopoly.

Mr. ROBINSON of Indiana. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Indiana?

Mr. SHEPPARD. I yield.

Mr. ROBINSON of Indiana. I understood the Senator to say a moment ago that the Republican Party had been allied throughout the years with the money power. The Senator does not refer to the last campaign, does he?

Mr. SHEPPARD. I do.

Mr. ROBINSON of Indiana. Well, was the Democratic Party emulating the Republican Party, then, when in selecting its national chairman for that campaign it went to the General Motors Corporation to find a man?

Mr. SHEPPARD. He did not typify the concentrated financial power that has been represented by the Republican Party for the last 60 years. If he did he got away from it, and he is the more to be complimented on account of that fact.

Mr. ROBINSON of Indiana. Mr. President, all the press reports indicate that Mr. Raskob was the greatest financial genius in the country, and it was a matter of general comment everywhere that the Democratic Party this year—that is, last year—had the backing of Wall Street. I remember Mr. du Pont also. The financial interests were on all sides; and I am just wondering what the Senator means when he talks about the money power. I understand that the national committee of the Senator's party still has a deficit of more than a million dollars. That is an enormous figure. The Senator certainly was not connected with a bankrupt party last year in the campaign, for there was money on all sides in his party; it was well financed; all the newspapers said so, and therefore I am bound to challenge the Senator's statement.

Mr. SHEPPARD. There are some rich men like Nicodemus—

Mr. ROBINSON of Indiana. Notwithstanding all that, may I say to the Senator—

Mr. SHEPPARD. Is the Senator going to make a speech or ask me a question?

Mr. ROBINSON of Indiana. I am merely challenging a statement made by the Senator.

Mr. SHEPPARD. Well, let the Senator ask me the question, if he rose for that purpose.

Mr. ROBINSON of Indiana. Did not the Senator in Texas, in his own State, do everything he could for the success of the Democratic ticket?

Mr. SHEPPARD. Certainly.

Mr. ROBINSON of Indiana. Did not the Senator's own State, despite the statement which the Senator makes about the con-

ditions being so bad, for the first time probably in its whole history go Republican?

Mr. SHEPPARD. It went wrong; yes. [Laughter.]

Mr. ROBINSON of Indiana. Then, the State of Texas went wrong?

Mr. SHEPPARD. It went wrong; certainly it went wrong.

Mr. ROBINSON of Indiana. Does the Senator mean that his State, the State of Texas, was all wrong?

Mr. SHEPPARD. I certainly do.

Mr. ROBINSON of Indiana. I wanted to get the Senator's idea.

Mr. SHEPPARD. Not only that, but, to get back to the other question, some rich men like Nicodemus and Joseph of Arimathea get right occasionally.

Now, what have been the achievements of the Democratic Party in connection with farm relief?

Mr. President, what have been the achievements of the Democratic Party in connection with farm relief? Under the agricultural credit section of the Federal reserve act, an act passed during Democratic control in 1914, over \$2,000,000,000 have been advanced in aid of agricultural transactions. In 1916, with the Democratic Party in control, was passed the first Federal farm loan act in American history, an act enabling farmers to obtain long-time loans at low rates of interest for the purpose of acquiring lands and homes—the amount advanced to this time under that law for the purposes mentioned approximating or exceeding \$2,000,000,000. In 1914, with the Democratic Party in control, was passed the Smith-Lever Act carrying to the farmer in a degree never before attained the knowledge developed by the Federal Department of Agriculture, the various land-grant colleges and experiment stations. In 1917, with the Democratic Party in control, was passed the act for Federal aid for vocational training in farming and manufacture for those unable to attend college. Other measures of benefit to agriculture passed during Democratic control were a national warehousing act, the first in our history, and acts of constructive nature relating to marketing, cotton and grain futures, cotton and grain grades and standards. Had the Democratic Party remained in power this record is ample basis for the assertion that as the conditions in agriculture became increasingly distressing it would have extended its program of farm relief so as to bring about a proper adjustment between farming and other industries in this Republic. The Republican Party has repeatedly violated its promises of justice for agriculture. Today the farmer asks the Republican Party for bread, and it hands him a board. The failure of this party in respect to agriculture is but a part of its larger failure to place our entire economic system on a basis fair to all.

Let us turn to the Democratic record in respect to monopoly.

In 1916, with the Democratic Party in power, was passed the Federal Trade Commission act, intended to be of far-reaching value in the regulation of industrial competition, in preventing the incursions of monopoly and the aggression of predatory wealth.

In 1914 was passed, under Democratic control, an antitrust law, known as the Clayton Act, remodeling and strengthening the laws against monopoly and restraint of trade, taking labor from the category of commodities and making it a thing of life and flesh and blood. The declaration in that Democratic antitrust act that the labor of a human being is not to be regarded as a commodity or as an article of commerce was for labor a declaration of independence; a magna charta. The chief source of labor's subjection and labor's woe has been the doctrine that it is subject to the same economic rules as were any of its products; that it is to be quoted and sold in the market place under the iron law of supply and demand; that when its physical efficiency has been exhausted it is to be discarded and ignored like a worn-out engine or a rusted rail; that it is to be driven to the limit like a piece of inanimate machinery, the principal consideration being the largest output in the quickest time.

The statement in the Democratic antitrust act regarding labor was the first condemnation in any law in our history of this brutal philosophy, so far as I have been able to find. That statement means that labor power can not be separated from the heart that nourishes or the brain that directs it; that labor is life and is not to be regarded as so much iron or oil or wood or stone.

Among other Democratic acts in behalf of the workers may be mentioned the provisions against injunctions in labor disputes except when such injunctions would justly lie if labor questions were not involved and the provisions relating to trials by jury in cases of indirect contempt.

It is true that the Federal Trade Commission act and the Clayton Act were but beginnings; that court decisions and unsympathetic administration by our opponents have largely inter-

fered with their intended scope; and that the retirement of the Democratic Party from the helm of the Nation prevented amendments which would have brought these acts into greater degrees of efficiency as experience showed what was needed. They indicate, however, the direction in which the Democratic Party was moving when in control—the direction of the emancipation of the people and the people's labor from industrial despotism. The Republican Party continues to make fair promises along these lines.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Indiana?

Mr. SHEPPARD. Certainly.

Mr. ROBINSON of Indiana. The Senator speaks of "fair promises" and states that the Republican Party promised relief for agriculture and proposes now to create a board. We have just passed through a great national campaign. What was the Democratic plan for farm relief last year in the campaign that was submitted to the voters of the country?

Mr. SHEPPARD. Among other things the principle embodied in the McNary-Haugen bill.

Mr. ROBINSON of Indiana. That was in the Democratic platform, was it not?

Mr. SHEPPARD. Not specifically, but in effect.

Mr. ROBINSON of Indiana. Its principle was?

Mr. SHEPPARD. The principle of charging to the article itself or to the industry concerned the expense of the system which would bring about relief. This, as I understand it, was the philosophy of the McNary-Haugen bill, and this was one of the elements of the Democratic plan.

Mr. ROBINSON of Indiana. What was the plan of the Democratic candidate?

Mr. SHEPPARD. Did not the Senator from Indiana favor that principle?

Mr. ROBINSON of Indiana. Of course I did; but I am asking the Senator now what was the plan proposed by the Democratic candidate for President?

Mr. SHEPPARD. That was substantially his plan.

Mr. ROBINSON of Indiana. He was for the equalization fee?

Mr. SHEPPARD. He was for the principle I have described. He said that if some better way of carrying out that principle than the equalization fee could be found he would be for it.

Mr. ROBINSON of Indiana. The Democratic platform and the position of the Democratic candidate, Governor Smith, were carried to the people all over the country, were they not?

Mr. SHEPPARD. They were.

Mr. ROBINSON of Indiana. And the people of this country finally were asked to decide that question, were they not?

Mr. SHEPPARD. To decide it for that time; yes.

Mr. ROBINSON of Indiana. And they decided it no longer than six months ago?

Mr. SHEPPARD. Yes; at that time; but they will be given many more opportunities to pass on Democratic principles.

Mr. ROBINSON of Indiana. Yes; but I ask the Senator from Texas if it is not a fact that 40 States out of the 48 decided against that principle at that time?

Mr. SHEPPARD. They did, and decided erroneously.

Mr. ROBINSON of Indiana. And I will ask the Senator if they did not decide to support the present President of the United States by an unheard-of majority?

Mr. SHEPPARD. They did, but they are now seeing the error of their ways. The Senator from Iowa [Mr. BROOKHART] is leading the revolt, followed by the Senator from North Dakota [Mr. FRAZIER] and the Senator from South Dakota [Mr. NORBECK]. The scales are dropping from the eyes of the people already.

Mr. ROBINSON of Indiana. But, Mr. President, the very principles of farm relief advocated by the Republican candidate for President last year and in the Republican platform are in the bill now before the Senate. The debenture plan was not advocated by the Republican Party.

Mr. SHEPPARD. The proposals of the Republican Party and the Republican President will result in nothing but disappointment.

Mr. ROBINSON of Indiana. But the people decided for those principles. Is not that true?

Mr. SHEPPARD. No; no mind on earth could have understood what the Republican Party meant or what Mr. Hoover meant in reference to agriculture. Their proposals were utterly impossible of definition, and I doubt whether the Senator from Indiana could explain them now.

Mr. ROBINSON of Indiana. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas further yield to the Senator from Indiana?

Mr. SHEPPARD. Certainly.

Mr. ROBINSON of Indiana. The very principles enunciated time and again in the President's acceptance address, in his speech at West Branch, Iowa, and in his speech at St. Louis are all incorporated in this bill with the exception of the debenture plan, which he has given reasons for being against. That was not advocated by the Republican candidate for President. In what way has the Republican Party made a single promise for farm relief in the last campaign that it does not now propose to carry out specifically in the McNary bill, with the exception of the debenture plan, which is no part of the Republican system?

Mr. SHEPPARD. You violated the promise in 1920 and—

Mr. ROBINSON of Indiana. I am speaking of 1928, Mr. President.

Mr. SHEPPARD. I have been speaking of all the past; and the Senator, to be fair, must refer to all the past. I say you violated the promise to carry out the pledges of your Republican President last fall, and the Senator from Iowa [Mr. BROOKHART] explained that very clearly.

Mr. ROBINSON of Indiana. Mr. President, I challenge the Senator—and I hope he will do it—to point out a single statement made by Mr. Hoover throughout the recent campaign that is inconsistent with the plan for farm relief incorporated in the bill that has just passed the House of Representatives.

Mr. BROOKHART. Mr. President—

Mr. CARAWAY. Mr. President, did the Senator read the interview given out by Mr. Hoover in which he said that he had a plan but he was not going to tell it, because it would just set up something for somebody to shoot at?

Mr. ROBINSON of Indiana. Mr. President, I am challenging the Senator from Texas—if he can not answer the question, let the Senator from Arkansas answer the same question—to show me a single statement made by the President of the United States last year that is inconsistent with the plan for farm relief incorporated in the bill passed by the House of Representatives.

Mr. SHEPPARD. I shall answer the Senator. Candidate Hoover stated in substance that he would favor an organization that would bring about substantial and affirmative relief, an organization with an effective plan of operation, amply capitalized for such purposes. This bill does not give us an organization of that kind, and Republican Senators from agricultural States have already assured us to that effect.

Mr. ROBINSON of Indiana. I am aware that the Senator from North Dakota [Mr. FRAZIER] and the Senator from Iowa [Mr. BROOKHART] have stated their views on the subject; but I am challenging the Senator to take the record and point out one statement made by Herbert Hoover that is inconsistent with the bill that has recently passed the House of Representatives.

Mr. SHEPPARD. I gave it to the Senator.

Mr. BROOKHART. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Iowa?

Mr. SHEPPARD. Yes; I yield.

Mr. BROOKHART. I can state a couple of statements with which this bill is inconsistent. The Republican platform promises such legislation as will give agriculture equality with the other industries. This bill does not do it, and does not pretend to do it. The President, in his speech of acceptance at Palo Alto, said that he had no patience with those who opposed expending a few hundred million dollars to give this equality to agriculture. This bill does not expend one dollar for agriculture. It lends money only, and expects to get it all back. It does not guarantee any of the losses of an export corporation, a stabilization corporation, or anything of the kind. Those things were presented to the farmers of the Northwest, and emphatically presented, and it was upon those that they cast their votes.

Mr. HARRISON. Mr. President, will the Senator from Texas yield to me?

Mr. SHEPPARD. I yield; yes.

Mr. HARRISON. Is it the opinion of the Senator from Indiana that this particular farm relief bill gives relief to the farmers of the country?

Mr. ROBINSON of Indiana. I certainly do think so.

Mr. HARRISON. It meets the Senator's idea? Now, I want to follow that up with another question. Did not the Senator go into Indiana in the preconvention fight, when he was advocating the nomination of his colleague the distinguished senior Senator from Indiana [Mr. WATSON]—

Mr. ROBINSON of Indiana. No, Mr. President; I never did that.

Mr. HARRISON. And fight Mr. Hoover? The Senator can not answer my question until I have propounded it.

Mr. ROBINSON of Indiana. The Senator starts with a false premise. That is the point I make. The statement is not true. Mr. HARRISON. Then the Senator can say that he did not do that. Did not the Senator make speeches in his State against Mr. Hoover in the preconvention fight—

Mr. ROBINSON of Indiana. No.

Mr. HARRISON. In which he said that Secretary Hoover was not a friend of the farmer?

Mr. ROBINSON of Indiana. Why, Mr. President, of course I never made a speech against Mr. Hoover in my life.

Mr. HARRISON. Then the Senator did not say what was in his mind.

Mr. ROBINSON of Indiana. I have made many speeches for Mr. Hoover. The Senator must read up a little on current events.

Mr. HARRISON. Was the Senator for his colleague [Mr. WATSON] for the presidential nomination?

Mr. ROBINSON of Indiana. I did not get the question.

Mr. HARRISON. Well, I will not ask it.

Mr. ROBINSON of Indiana. I ask the Senator to repeat it.

Mr. HARRISON. I always thought the Senator was weak in being for him, but I never thought he would remain silent when the question was asked him.

Mr. ROBINSON of Indiana. I shall be glad to answer the question when I understand it. Will the Senator repeat his question?

Mr. HARRISON. The Senator was for his colleague for the presidential nomination, was he not?

Mr. ROBINSON of Indiana. I took no part in the presidential primary campaign one way or the other. I was a candidate myself for renomination to the Senate and I had a man's job on my hands looking after my own interests.

Mr. HARRISON. That is a pretty good policy for the Senator to pursue.

Mr. ROBINSON of Indiana. Now, if the Senator from Texas will yield for just one other observation with reference to what the Senator from Iowa [Mr. BROOKHART] said, there is nothing that the President of the United States said in his campaign that is inconsistent with the relief promised by the House bill that has just been passed; and, not to take the Senator's time longer, I should like to serve notice now that I shall have something to say about that proposition to-morrow in my own time. I beg the Senator's pardon for taking his time.

Mr. SHEPPARD. Mr. President, the results that will follow this bill will be a more eloquent evidence of Republican failure than the citation I have given as to what Mr. Hoover promised, a promise which, in my judgment, this Republican legislation fails to carry out.

I repeat, the Republican Party continues to make fair promises in the matter of monopoly control and justice for labor; but its tenure for more than half a century, especially for the last eight years, without more effective action, justifies the American people in refusing to give their rights and liberties into its keeping any longer.

In his acceptance address Mr. Hoover boasted of public-road development under Republican ascendancy, but he failed to give the Democratic Party credit for the initiation of the modern movement for improved highways. Under Democratic rule was passed the Federal highway act of 1916, providing our first permanent system of cooperation between the Nation and the States in the construction of public roads, inaugurating a new and better era in highway development. Since its enactment over 70,000 miles of improved highways have been completed through Federal and State cooperation, with over 12,000 more in course of improvement in the same manner. Since its enactment there has been an awakening on the subject of highway improvement worth far more to the country than the immense sums already obligated or expended and a more general activity has followed in the betterment of highways by both the Nation and the States than in all previous history. It is true that the Republican Party, in its highway act of 1920, continued the work and added amendments, but the initial and principal impetus to the modern movement for good roads came from the pioneer Democratic act of 1916.

To my mind there is nothing more dramatic or inspiring in our political history than that of the Democratic Party, rising from the defeats of 50 years to enact this program of sound and progressive legislation. The party which could accomplish so much in so short a period may well be trusted, and will yet be trusted, to restore justice and fair play in the American Government and in our American economic system.

Mr. ROBINSON of Indiana. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Indiana?

Mr. SHEPPARD. I yield.

Mr. ROBINSON of Indiana. Why is it that the country continues to distrust the Democratic Party, then?

Mr. SHEPPARD. The country has not yet seen the truth. It will be shown the truth.

Mr. ROBINSON of Indiana. The country, as well as Texas, then, is all wrong?

Mr. SHEPPARD. All wrong for the present. The American people must yet make a final choice between the Republican Party, with its enthronement of privilege and monopoly, its repression of individual initiative and opportunity, on the one hand, and the Democratic Party, with its record of accomplishment in the people's interest, its doctrine of fair treatment and equal rights for all, upon the other.

Mr. SACKETT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Kentucky?

Mr. SHEPPARD. I yield.

Mr. SACKETT. In the list of beneficial acts of the Democratic Party, will the Senator discuss a little the action of the Federal Reserve Board under their control in 1920, in the deflation period?

Mr. SHEPPARD. The country was not under Democratic control in 1920.

Mr. SACKETT. In 1919, when they started deflation?

Mr. SHEPPARD. The Republicans had entire charge of the Congress.

Mr. SACKETT. What is that?

Mr. SHEPPARD. The Republicans came into power in both Houses in 1919, and were therefore enabled to block the remedial action which the Democratic Party would have taken.

Mr. SACKETT. The Senator does not think that the Democratic management was at all responsible for deflation?

Mr. SHEPPARD. No. If the Democrats had continued in control of Congress they would have enacted amendments that would have made impossible the deflation act of 1920.

Mr. BRATTON. Mr. President, will the Senator yield?

Mr. SHEPPARD. I yield.

Mr. BRATTON. I should like to know if the Senator from Kentucky questions the soundness of the Federal reserve banking system.

Mr. SACKETT. No; I do not question the soundness of that system in general.

Mr. BRATTON. Is it the theory of the law or the administration of it against which the Senator complains?

Mr. SACKETT. I did not complain at all about it. I asked the Senator if he would discuss the deflation period which followed the Democratic management of the country, which ended with the election of President Harding.

Mr. BRATTON. I understood the Senator to draw into question the Federal reserve banking system.

Mr. SACKETT. No; I brought into question the act of the Federal Reserve Board in bringing about the deflation period.

Mr. BRATTON. The Federal reserve bank act is a Democratic accomplishment.

Mr. SACKETT. Yes.

Mr. BRATTON. Does the Senator question its soundness?

Mr. SACKETT. Not at all.

Mr. BRATTON. Then, as I understand, the Senator will give the Democratic Party credit for that accomplishment?

Mr. SACKETT. Yes; all the accomplishments up to the period when the Republican Party came into power.

Mr. BROOKHART. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Iowa?

Mr. SHEPPARD. I yield.

Mr. BROOKHART. In answer to the question of the Senator from New Mexico, I challenge the soundness of that system, and I know where it is unsound, and why it is unsound. The unsoundness is due to the law itself.

Mr. BRATTON. Let me suggest to the Senator from Iowa that he and his colleagues, constituting a majority in each branch of the Congress, with a Republican President, give the country a better financial system.

Mr. BROOKHART. I am ready to do it to-morrow.

Mr. BRATTON. Does the Senator anticipate that he will enjoy the cooperation of the President in that undertaking?

Mr. BROOKHART. I do not know. I have not had that cooperation. [Laughter on the floor and in the galleries.]

The PRESIDING OFFICER. The galleries are admonished not to express either approval or disapproval.

Mr. BROOKHART. As for the responsibility for the 1920 conditions, every member of the Federal Reserve Board at that time was a Democrat, every one of them; but they called in the advisory counsel, the class A directors, and I will say to the Senator from Kentucky that a majority of those were Republi-

cans. So I do not see that there is a vast amount of party difference when we look into the matter of the blame for that deflation. The financial crowds which ruled both parties were to blame.

Mr. BRATTON. Will the Senator point out to the Senate when, during any period in the history of this country, the agricultural and the livestock interests suffered such dire distress as they have undergone during the last nine years of Republican administration? Even the Senator's own State, even the States farther to the West, have undergone an unprecedented depression and crisis during nine years of Republican control. If the Republican Party is capable of giving the country more prosperity than is the Democratic Party, how does the Senator account for the failure of his party during the last nine years to come to the relief of those interests in his own State, and my State, and other Western States?

Mr. BROOKHART. I will be glad to answer that very pointedly.

The PRESIDING OFFICER. Does the Senator from Texas yield for that purpose?

Mr. SHEPPARD. I yield.

Mr. BROOKHART. In 1920, on May 18, the deflation policy was definitely considered and decided upon by a Democratic Federal Reserve Board, assisted by the Republican assistants I have mentioned. I have never covered it up. That deflation policy was 65 per cent of the cause of all the trouble, and it had worked nearly all its power before the Republican Party came in on March 4, 1921.

Mr. BRATTON. Mr. President—

The PRESIDING OFFICER. Does the Senator from Texas yield further?

Mr. SHEPPARD. I yield.

Mr. BRATTON. The Republican Party had control of the Congress, and it acquired control of the White House in 1921, nine years ago, and the agricultural interests of the country are still suffering. The agricultural interests and the livestock interests have suffered unprecedentedly during that period. Why has the Republican Party been impotent during that long time in giving relief?

Mr. BROOKHART. Because too many of those in control of the Republican Party joined in with the deflators, joined in with the Democrats, and helped deflate. It is a bipartisan combination; that is what is the trouble in this country. I am not covering up anybody in this situation.

Mr. BRATTON. I agree; the Senator never does, and I commend him for his frank attitude upon all questions.

Mr. BROOKHART. I am not seeking to put the blame for the condition upon either party, but I do not want to see the Democratic Party whitewashed when it is as much to blame as the Republican Party, and more. The Democratic Party, in its national convention at Houston, indorsed that system, and indorsed its administration, and proposed to do to the farmers what it did to the banks, and, of course, we know it sent some three or four thousand banks into bankruptcy.

Mr. BRATTON. What system?

Mr. BROOKHART. That was in the farm plank of the Democratic Party.

Mr. BRATTON. Does the Senator from Iowa believe that the Republican Party offered the farmers of this country any better program than the Democratic Party offered them?

Mr. BROOKHART. The Democratic Party did not offer any program in which I could see anything for the farmers, in the platform or in the campaign, and I looked at it about as carefully as anybody did.

Mr. PITTMAN. Mr. President, I ask unanimous consent that the Senator from Texas be allowed to proceed with his very splendidly prepared speech, and after its conclusion that anyone have the right to ask him questions.

Mr. SHEPPARD. I am delighted to yield. I trust the Senators will proceed.

Mr. BROOKHART. The Senator asked why the Federal reserve system was unsound. I will tell him why. It is not a reserve system at all. A reserve system does two things—receives deposits and makes rediscounts. Those are the two things it does for the member banks. As to this redeposit system, the law prohibits the reserve system from paying anything for redeposit, and that prohibition gives a monopoly of the redeposit business to the New York banks except the mere reserves which the law compels to be deposited in the Federal reserve banks without compensation and without rates of interest. That provision of the law is driving the great surplus credit of the country down to New York in speculation, destroying land values, and destroying values of farm products exactly as the Senator from Oklahoma [Mr. PINE] pointed out here this afternoon.

Mr. BRATTON. Mr. President, I heartily concur in the suggestion made by the Senator from Nevada [Mr. PITTMAN], and I shall not trespass further upon the time of the Senator from Texas. I apologize for having done so thus far. His fine address should not be interrupted.

Mr. SHEPPARD. I thank the Senators from Nevada and New Mexico, but I am always glad to yield to questions. I repeat my statement that the record of the Democratic Party while it was in complete power, from 1913 to 1919, is ample basis for the assertion that it would have enacted such amendments not only in connection with the reserve act but in connection with the antitrust and antimonopoly laws as would have brought about full justice to agriculture and every other element of the Republic.

The Democratic Party will yet call the Nation back to its old faith in humanity. Its belief is in men and women and its gospel is their liberation from those who would absorb their earnings and dominate their lives. It is the only party in existence which originated with the American Union itself. It was born when the Republic was born to preserve the freedom to which the Republic was dedicated. It began when the Constitution began to promote the justice and the stability for which the Constitution stands. It will live while the Nation lives—to defend the principles of the Nation is the symbol. And it will not die till liberty dies and the last aspiration for freedom shall have forever faded from the human heart.

Mr. DILL. Mr. President, I understand that the amendment before the Senate is the amendment proposed by the Senator from Nebraska [Mr. NORRIS], by which the debenture plan will be made adjustable to conditions. I simply want to say I believe that amendment greatly improves the debenture plan, and I shall vote for it as an improvement over the plan provided in the bill.

I do not care to take the time of the Senate to discuss the bill to-day, but I do ask unanimous consent to have printed in the RECORD a statement of the National Cooperative Milk Producers' Federation, analyzing the pending bill. I would like to have it printed at this point in my remarks.

The VICE PRESIDENT. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

[National Cooperative Milk Producers' Federation, Charles W. Holman, secretary, 1731 I Street NW., Washington, D. C.]

A STATEMENT REGARDING FARM RELIEF LEGISLATION AS PROPOSED IN H. R. 1 AND S. 1, IN THE SEVENTY-FIRST CONGRESS, BY THE NATIONAL COOPERATIVE MILK PRODUCERS' FEDERATION, APRIL 25, 1929

To Members of the Senate and House of Representatives of the United States:

The National Cooperative Milk Producers' Federation, the membership of which is stated in schedule hereto attached, present for your consideration our views as to proposed farm aid legislation.

We will appreciate your careful consideration of our statements, for we believe in the bills now pending in both House and Senate there are provisions which threaten to retard and check the growth and development of cooperative marketing associations.

We voice our regret that owing to the pressure of work, or for some other reason, no opportunities were given to cooperative associations to be heard before the committees of either House after the bills were written and the cooperatives had their first knowledge of that which they must meet.

In our discussion we will assume that the debenture provision now in the Senate bill will not be found therein if and when either of these bills becomes law.

We assume that both committees have no intent to injure cooperative marketing associations. Both of these committees have in the past done so much to aid and assist cooperative marketing associations by adequate legislation that we would be ingrates to suggest that there is any intent now to injure them.

It strikes us forcibly, however, that the proponents of the present bills are like men rowing a boat—they are looking in one direction but going another. In the declarations of policy contained in section 1 of both bills the committees are looking in the right direction. These declarations of policy leave little to be desired. But the real test of the value of these bills is the extent to which these policies are made effective by the remaining sections of the bills.

Focusing our attention on the provisions for the creation and operation of stabilization corporations, we will first attempt to discuss their possible and probable effect, and the relation of cooperative marketing associations to such stabilization corporation.

Among the declarations of policy found in section 1 of the House bill we find—

"So that the industry of agriculture will be placed on a basis of economic equality with other industries; and (2) to that end of interstate and foreign commerce * * * so as to maintain advantageous

domestic markets and prevent such surpluses from unduly depressing prices for the commodity."

If, therefore, the stabilization corporation that is to be created, owned, controlled, and managed by cooperative associations does not so function that "the industry of agriculture will be placed on a basis of economic equality with other industries * * *, and so as to maintain advantageous domestic markets and prevent such surpluses from unduly depressing prices for the commodity," then the failure of the stabilization corporation to do these things will be attributed to the incompetency of the cooperative marketing associations owning, controlling, and managing the stabilization corporation.

If advantageous domestic markets are to be maintained, and if exportable surpluses are prevented from unduly depressing the prices of any farm commodity, then the exportable surplus must be so segregated and taken out of our domestic markets that domestic selling prices may be above the world level of selling prices.

If the stabilization corporation does not so function that domestic prices are above world prices, then no appreciable relief will be afforded agriculture, and again the cooperative associations owning and controlling the stabilization corporation will receive all of the blame. The general public, including many farmers themselves, will therefore conclude that farmers can not manage big business, even with the assistance of the Government.

The next question logically to be considered is the extent to which, if at all, under the provisions of these bills, domestic prices can be raised above the world's level.

If the exportable surplus is to be so segregated that it may not depress the prices of the entire crop, then it will be necessary for the stabilization corporation to purchase and hold all of such exportable surplus, or so much of it as will permit domestic prices under the operation of the law of supply and demand to reach and be maintained on a level of prices above the world's level.

If the stabilization corporation endeavors to do this it will find itself in due time owner and holder of a large part of the exportable surpluses above the world's price level, and this means that the corporation must in due time sell such surpluses abroad at lower prices than it paid for them. This spells surplus losses.

Nowhere in either bill is there any provision for the payment of these losses except from past or subsequent profits. This last statement is made upon the assumption, of course, that the debenture provisions will not appear therein when either of the bills becomes law. If domestic prices are maintained on a level higher than the world's level, then at no time would there be an opportunity to reap profits. Therefore, in its practicable application, there is no provision whatever for the payment of losses. This must mean that when the operations of each crop and marketing year are closed there will be an operating loss, with a resultant inability of the corporation to pay the Government the money borrowed.

This would mean that the stabilization corporation would become insolvent, and the general public, including many farmers, unacquainted with the real causes, will again conclude that cooperative marketing associations can not successfully manage a big business, even with the assistance of the Government.

If this be the result, the whole cooperative marketing movement will receive a blow from the effect of which it will take decades to recover. If, however, the stabilization corporation decides, as it should decide, to play safe so as to avoid insolvency, then what is the measure of service it can render agriculture? Our answer is that it could probably cause fluctuations in prices to be less violent, but it could not in any degree raise the average general level of prices in any degree, and the result of its operations might easily be lower net prices to producers over a series of years. This will be highly disappointing to farmers and will lack much of carrying out the policy declared in section 1 in the words "prevent such surpluses from unduly depressing prices for the commodity."

Farmers have been encouraged to expect much more than this, and with the operations of the stabilization corporation thus resulting the disappointed, disillusioned farmers would place all the blame, not on the Government, not on the farm board, but on the cooperative marketing associations owning and managing the stabilization corporation.

If, when either of these bills becomes a law, there is no provision by which surplus losses may be recouped other than from past or subsequent profits, then the Government should have the courage to assume the responsibility for results and not shift that burden to the shoulders of cooperative marketing associations.

It may be answered that cooperative marketing associations are not compelled by the bills to assume this responsibility. In the first instance this may be true. But in many thousands of cooperative associations now handling a small part of our major crops it is more than likely that one or more of them can be found that will take such risks. When a stabilization corporation is once launched, even if owned by only one cooperative marketing association, large or small, the stabilization corporation will be owned and managed by cooperative associations, and the general public, including many farmers, will draw no

distinction between its control by one or two cooperative marketing associations, large or small, and its control by many of the larger ones.

When once launched, however, it is not so clear that cooperative associations may not be forced to join in the ownership and control of such stabilization corporation, not by the terms of the bill but by the economic pressure that would result from the operations of the farm board and the stabilization corporation.

Cooperative associations desiring to obtain loans from the farm board can, of course, be told by the board that one of the conditions in the granting of such loans will be that they join in owning and controlling the stabilization corporation.

The stabilization corporation may come in competition with the cooperative marketing association in a way that will compel such cooperative association to join it.

If there is any possibility that our great cooperative marketing associations, built over long years of labor and for which the farmer members have continually sacrificed, may be forced by economic pressure into this new, strange, and dangerous relationship, then the bill should be so rewritten that this eventually will be impossible.

The bill should clearly provide that no stabilization corporation should be designated by the board, unless cooperative associations, handling 75 per cent of all the commodity that is cooperatively marketed, should request that a stabilization corporation be designated.

This objection is not met by the fact that the present House bill requires the board to recognize—designate—a stabilization corporation only upon the request of the advisory committee. The advisory committee can be created by one or more cooperatives, large or small.

Proponents of the bills state that without domestic prices being raised above the world level the stabilization corporation can operate at a profit. It can. It can also operate at a loss. If it is intended to operate for profit, what would be its buying and selling policies? Like all other concerns that buy and sell for profit, it would buy when prices are low and sell when prices are high. Seeking to buy at low prices it would exercise a depressing influence on prices and later it could sell at a profit only at prices that presumably reflect the supply and demand. It would do nothing material in raising prices.

Because of the grave dangers to cooperative marketing associations involved in both of these bills, we hereby clearly, emphatically, and completely dissociate ourselves from all of the provisions of these bills that require cooperative marketing associations to own, control, and manage the stabilization corporation, and voice our hope that no cooperative marketing association will engage in an experiment involving so great a risk.

If the Congress in its wisdom considers it absolutely necessary and wise to create a stabilization corporation with the probability so remote of the corporation rendering any appreciable service to agriculture, then the Government itself should assume the burden of forming, owning, controlling, and operating such stabilization corporation, and thereby be responsible for its success or failure.

THE DANGERS OF CLEARING HOUSES

Both the Senate and House bills authorize the formation of industry clearing houses. The House bill permits such clearing houses to be formed with respect to any commodity. The Senate bill limits such clearing houses to perishable products. It is clear to us that producers of milk will become subject to the clearing-house provisions of either bill.

We consider the proposed clearing houses to be dangerous experiments in the field of trade. To date no clearing house has succeeded when composed of cooperative associations, nonmember producers, and agents or firms engaged in competing with cooperative associations. The history of such ventures reveals that they are composed of elements whose interests are so completely divergent and antagonistic that they can not succeed. In this connection we recall to the attention of the Congress the repeated statements of Hon. Charles C. Teague, of Santa Paula, Calif., president of the California Fruit Growers' Exchange and the California Walnut Growers' Association. Mr. Teague appeared before the House Committee on Agriculture and detailed the history of the failure of clearing houses in the State of California. Even though the bills provide that such clearing houses shall be conducted on the basis of rules set up by cooperative associations when approved by the board, we believe that it will be unwise to delude producers throughout the country into hoping that their interests can be conserved by participating in such organizations.

We oppose, therefore, Federal authorization of such clearing houses, and particularly loans being made by the board to cooperative associations to undergo the expense of setting up such clearing houses. We also call attention to the fact that, while under the terms of the bill such clearing houses must be formed by producers, there is nothing to prevent those antagonistic to the cooperative movement from promoting cooperatives in name only, but which are really controlled by the enemies of cooperation, so that these associations may in turn borrow the funds to set up industry clearing houses such as are contemplated by the proposed legislation.

We also protest against the unwise and dangerous policy of the House bill in allowing loans to be made to cooperatives for so-called "educational" purposes. This term disguises the evident intent to

permit loans to persons to set up high-power, high-pressure soliciting organizations, and to induce farmers by such methods to join cooperative associations.

The cooperative movement is just recovering from a deluge of such high-power methods which have resulted in inevitable failures of cooperative attempts. These failures have discouraged farmers and have brought discredit in some sections to really sound principles and methods of solving their problems. We believe that any move to organize cooperatives should be based upon the idea that the producers themselves must be so thoroughly convinced of the need for and the soundness of and the possibility of accomplishing the conservative business objectives of the movement that they themselves will be willing to pay the initial costs of setting up their organizations. We therefore oppose the inclusion of such loans in the pending legislation, predicting that if it is done it will be followed by a wave of promotional attempts that will discredit the movement.

In this connection we call to the attention of the Congress the fact that the cooperative self-help move among farmers, without the use of such forced methods or governmental pressure, is making steady headway on a sound basis. Such growth, to be secure, must be slow and can not be accelerated by the addition to the movement of so-called "high-power persons." Leadership for farmers' business organizations has to be trained within those organizations, and the movement itself can progress no faster than it can develop its own leadership and the necessary loyalty of its own interested membership.

With regard to the kind of educational aid that should be given to foster the agricultural cooperative movement we recommend that the soundest method of doing this would be for Congress to augment the funds appropriated for the use of the division of cooperative marketing in the Bureau of Agricultural Economics of the United States Department of Agriculture, and to make special provision for cooperative specialists to be attached to the staffs of State extension agencies, and to express the policy of the Government that the work of the cooperative marketing division and the extension services should be so coordinated as generally to assist farmers to have a better understanding of the principles and practices of agricultural cooperative associations.

We therefore express our belief that the soundest way at present to aid the farmer to aid himself in so far as Federal legislation touches the cooperative movement is to make adequate Federal provision for loans on the assets of the cooperative associations for acquirement of needed physical facilities.

Without indorsing any of the other provisions of either House or Senate bills, we venture to request the adoption of four amendments to the Senate bill. These amendments are offered for the purpose of making available to cooperative associations what, in our judgment, constitutes the most vital assistance to them that the Federal Government can give at this time.

Aside from needed upward revision of the import duties on agricultural products, the greatest need of cooperatives is the privilege of securing adequate loans on reasonable terms, securable by their total assets, to enable them to make the necessary expansions of their operations by the erection, acquisition, or otherwise, of the necessary physical facilities and properties.

It is our judgment that the proper agencies to handle the loans of this character are the Federal intermediate credit banks; but as it is the manifest intention of the Congress to place the control of such loans under the proposed Federal farm board, we suggest that the intermediate credit banks be allowed to act as agents of the board in handling the details of loans of this character, and we suggest, further, that cooperative purchasing associations be permitted to enjoy the privileges of this type of governmental assistance, since it is just as essential that farm relief be attained by collective means of cheapening the cost of farm requirements as by collective means of obtaining better prices for products of the farm.

To that end we request that all of paragraph (c) of section 6 of the Senate bill (S. 1) be stricken out and the following substituted in lieu thereof:

"(c) The board may make loans or advances on such terms and conditions as it may deem advisable in each instance to any stabilization corporation and/or to any cooperative association which is substantially composed of and controlled by persons engaged in the production of agricultural products, which association is engaged in the handling, processing, warehousing, and/or marketing of any such agricultural product and/or the purchasing of supplies and equipment for its members, and to any processing, marketing and/or purchasing agency formed by one or more of such associations, provided all the voting stock in such agency is held by one or more cooperative association or its members (a) for the purpose of enabling such association to acquire by purchase, erection, or otherwise land, buildings, equipment, and facilities for carrying on its business; (b) for the refunding of obligations incurred by cooperative associations with respect to any of the matters named in (a) of this paragraph; (c) and for working capital. All such loans shall bear a fair rate of interest and may be made for a period of not more than 20 years and may be repaid by means of a charge to be deducted from the proceeds of sale and other disposition of each

unit of the agricultural commodity delivered to the cooperative association or procured by the cooperative association for its members.

"Loans made hereunder shall be made subject to such conditions, having in mind the probable development of the association concerned, that during the life of the loan made any association the unpaid principal shall not exceed 80 per cent of the current value of the assets of the association, and provided further, that no loans shall be made for promotional or educational purposes. In determining the value of the assets of an association due consideration shall be given (a) to the value of land, buildings, equipment, and other physical and/or personal properties owned by the association, (b) to its going-concern or goodwill value, and (c) to the value of contracts entered into by the association with its members, which contracts require the delivery of agricultural products produced by such members to the association for handling (or processing) and marketing or which require the purchase of commodities used by members of such association. The aggregate amount of loans for the purpose of this subdivision outstanding and unpaid at any one time shall not exceed \$300,000,000."

Recognizing that the form of amendment offered to the Senate Committee on Agriculture might be subject on the point of order on the grounds of improper jurisdiction we request that the committee arrange for it to be introduced on the floor of the Senate by one of its members.

On page —, line —, after the figures "\$300,000,000," insert the following:

"The board is authorized to designate the Federal intermediate credit banks as its agents in the making of loans for the purpose of this subdivision."

The definition of a cooperative association in the House bill as introduced and reported is made by reference to the Capper-Volstead Act, "An act to authorize association of producers of agricultural products," approved February 18, 1922. The purposes of this act limit its definition to cooperative marketing associations who are engaged in interstate and foreign commerce. These comprise only a relatively small number of the 12,000 cooperative associations in the United States and exclude cooperatives of buying character. The Senate bill makes a somewhat broader definition, but is not complete enough. We therefore suggest that the Senate bill be amended by striking out all of paragraph (d) of section 14, and substituting in lieu thereof the following:

"(d) The term 'cooperative association,' when used in this act, means an agricultural association substantially composed of and controlled by persons engaged in the production of agricultural products which association is engaged in the handling, processing, warehousing, and/or marketing of any agricultural product, and/or the purchasing of supplies and equipment for its members, and/or any processing, marketing, or purchasing agency formed by one or more of such associations, provided all of the voting stock in such agency is held by a cooperative association and its members."

We also call attention to the apparent danger that lies in this bill, because of the vast powers given by it to the stabilization corporations and clearing houses. The acts of such corporations and clearing houses may be of such a character as to involve court proceedings that may jeopardize the rights and privileges which have been conferred upon cooperative associations by the Capper-Volstead Cooperative Act.

To guard against such an eventuality we suggest that the following amendment be inserted into the Senate bill:

"Nothing herein contained is intended nor shall be construed to amend or repeal any of the provisions of an act entitled 'An act to authorize association of producers of agricultural products,' approved February 18, 1922."

POWER TO TRANSFER BRANCHES OF GOVERNMENT

We find in the House bill one provision that we believe should have no place in a farm aid bill. This is the provision found in section 9, which in substance gives the President power to divert or shift any bureaus or divisions to the farm board, and thereafter to make further shifts and changes. During the past eight years both of the men who have acted as Secretary of Agriculture have been diligent in assisting the farmers. The work of the Bureau of Agricultural Economics is of increasing value, while the work of the Division of Cooperative Marketing has already been of such service as to justify its creation and to afford a promise of greater usefulness.

Conceding that there is duplication of effort in some of the various governmental departments, as they are now functioning, we believe that any plan for reorganization should be included in a separate bill, but, above all, it should not be attempted, even in a small way, in a farm aid bill. We, and we believe all farmers, will view with great unrest, not unmixed with resentment, any law that would make it possible for the Bureau of Agricultural Economics or the Division of Cooperative Marketing to be transferred to any other department or board. The provisions of the present bill make the farm board a conduit through which these bureaus and divisions may be transferred to other departments of the Government.

The farm board shall have the power to request the assistance of every governmental division, bureau, or agency. This authority is sufficiently given in the Senate bill which should be followed. The provision mentioned in the House bill should be stricken out.

IMPORTANCE OF THE TARIFF AS FARM RELIEF

To this point we have discussed these farm aid bills without emphasis upon tariff, yet we believe that the basis of all legislation designed to assist agriculture through price increase or stabilization is adequate tariff protection against the imports of agricultural products. We have presented to the Ways and Means Committee of the House our requests for new duties upon dairy products, and upon animal, marine, and vegetable oils and fats. These duties are sought not as the result of guesswork. They reflect a long and careful investigation by this federation. They are not offered with the expectation that our requests will be reduced. They are the minimum rates that should be considered. We believe that other agricultural products should receive like consideration. And we are convinced that no permanent farm relief can be secured and maintained without such import duties as will reserve the domestic market for our agricultural producers.

The following are the member associations of the National Cooperative Milk Producers' Federation:

Association and location	Date of organization	Number of members	Estimated annual sales in dollars
Berrien County Milk Producers' Association, Benton Harbor, Mich.	1918	168	441,000
California Milk Producers Association, Eighth and Towne Streets, Los Angeles, Calif.	1915	480	5,875,074
Challenge Cream and Butter Association, 915 East Second Street, Los Angeles, Calif.	1911	15,000	15,955,033
Chicago Equity Union Exchange, 110 North Franklin Street, Chicago, Ill.	1917	5,000	1,531,000
Connecticut Milk Producers Association, 450 Asylum Street, Hartford, Conn.	1917	3,500	12,000,000
Cooperative Pure Milk Association of Cincinnati, Plum and Central Parkway, Cincinnati, Ohio.	1915	3,400	2,371,000
Dairymen's Cooperative Sales Co., 451 Century Building, Pittsburgh, Pa.	1918	12,000	11,750,000
Coos Bay Mutual Creamery Co., Marshfield, Oreg.	1919	455	449,225
Dairymen's League Cooperative Association (Inc.), 11 West Forty-second Street, New York, N. Y.	1921	71,883	82,501,310
Des Moines Cooperative Dairy Marketing Association, 1935 Des Moines Street, Des Moines, Iowa.	1917	1,250	81,000
Farmers Milk Producers Association, 114 East Cary Street, Richmond, Va.	1916	106	1,200,000
Grays Harbor Dairymen's Association, Satsop, Wash.	1918	300	384,000
Illinois Milk Producers Association, 400 Commercial National Bank Building, Peoria, Ill.	1926	688	788,186
Indiana Dairy Marketing Association, Muncie, Ind.	1922	546	396,000
Inland Empire By-Products Co., 1803 West Third Avenue, Spokane, Wash.	1918	874	628,000
Interstate Milk Producers Association (Inc.), 219 North Broad Street, Philadelphia, Pa.	1917	19,830	28,493,762
Iowa Cooperative Creameries Secretaries and Managers Association, 908 Pioneer National Bank Building, Waterloo, Iowa.	1919	15,000	9,000,000
Land O' Lakes Creameries (Inc.), 2201 Kennedy Street N.E., Minneapolis, Minn.	1921	73,000	39,851,655
Lewis-Pacific Dairymen's Association, Chehalis, Wash.	1919	841	861,000
Lower Columbia Cooperative Dairy Association, Ninth and Duane Streets, Astoria, Oreg.	1916	500	750,000
Maryland and Virginia Milk Producers Association, 1731 Eye Street N.W., Washington, D. C.	1916	1,000	2,520,000
Maryland State Dairymen's Association, 810 Fidelity Building, Baltimore, Md.	1917	3,700	7,105,880
Miami Valley Cooperative Milk Producers Association, 136 West Maple Street, Dayton, Ohio.	1922	4,000	1,318,863
Michigan Milk Producers Association, 609 Owen Building, Detroit, Mich.	1916	10,000	15,000,000
Milk Producers Association of San Diego County, San Diego, Calif.	1917	55	548,712
Milk Producers Association of Summit County and Vicinity, 440 North Cedar Street, Akron, Ohio.	1917	2,300	2,701,000
Milwaukee Cooperative Milk Producers, 1511 Fond du Lac Avenue, Milwaukee, Wis.	1916	1,800	5,400,000
National Cheese Producers Federation, Plymouth, Wis.	1914	7,500	8,553,483
New England Milk Producers' Association, 51 Cornhill, Boston, Mass.	1917	20,154	25,000,000
Northwestern (Ohio) Cooperative Sales Co., Wauseon, Ohio.	1920	4,000	979,466
Ohio Farmers' Cooperative Milk Association, 3068 West One hundred and sixth Street, Cleveland, Ohio.	1919	3,500	5,841,000
Pure Milk Association, 608 South Dearborn Street, Chicago, Ill.	1925	7,000	10,000,000
Scioto Valley Cooperative Milk Producers' Association, 605 Grand Theatre Building, Columbus, Ohio.	1923	3,250	1,978,100
Seattle Milk Shippers' Association, 327 Colman Building, Seattle, Wash.	1921	450	1,875,000
Skagit County Dairymen's Association, Burlington, Wash.	1916	1,500	2,464,000
Snohomish County Dairymen's Association, 23 Wisconsin Building, Everett, Wash.	1917	1,182	1,476,585
St. Louis Pure Milk Producers' Cooperative Association, 20 North Main Street, East St. Louis, Ill.	1913	8,000	9,600,000
Stark County Milk Producers' Association, Canton, Ohio.	1910	700	982,500
Tillamook County Creamery Association, Tillamook, Oreg.	1909	700	2,000,923
Twin City Milk Producers' Association, Raymond and University Avenues, St. Paul, Minn.	1916	7,000	8,150,000
Twin Ports Cooperative Dairy Association, 6128 Tower Avenue, Superior, Wis.	1916	316	506,000

Association and location	Date of organization	Number of members	Estimated annual sales in dollars
Valley of Virginia Cooperative Milk Producers, Harrisonburg, Va.	1922	700	247,000
Whatcom County Dairymen's Association, Bellingham, Wash.	1919	1,650	2,588,434
Yakima Dairymen's Association, 509 West Yakima Avenue, Yakima, Wash.	1921	909	630,000
Total		316,287	332,824,026

Mr. McNARY. Mr. President, unless there is to be further debate, I hope we may now vote upon the amendment proposed by the Senator from Nebraska [Mr. NORRIS].

The VICE PRESIDENT. The question is upon agreeing to the amendment offered by the Senator from Nebraska [Mr. NORRIS].

Mr. NORRIS. Mr. President, I am ready to vote, but before we do I would like to call the Senate back to what is really before us and make just a few remarks. I hope we may be able to vote to-night. If no one else cares to talk on the general subject, I want to offer just a few remarks on the pending amendment.

The first objection that is always raised by those who oppose the debenture plan is that it will have a tendency greatly to increase and stimulate production. As I said the other day, this is true and will always be true of any kind of a law that has the effect of increasing the price which the farmer will get for his products. That is the principal object of all farm legislation and so I am not denying it. I think it is true. It is true of every protective tariff that has ever been adopted and put on the statute books. But there may be a greater danger in this debenture plan than in some others, and in order to guard against it, in order to prevent an unreasonable stimulation of the product the amendment has been offered.

The amendment is not in opposition to the plan. I am friendly to it. I am going to support it, although it was not my original plan and there are other plans that I would prefer to it. But I have offered the amendment as a friend of this kind of legislation in order to receive the support, it seems to me, of those who are opposed to it, because it will rectify a very plausible error. Even though it will not accomplish what we may think it will accomplish, it is in that direction. The farmers themselves, the great organization known as the National Grange, have realized this and are themselves asking that the provision be added so as to remove any doubt. As far as I know, with very few exceptions those who have studied this sort of farm relief agree that some provision of the kind ought to be put into the bill.

It is with that idea and the hope that I may be in a small way constructive in trying to put the measure in as good shape as may be, regardless of whether in the end we vote it in or out, that I offer the amendment. I believe, therefore, that all those who agree with me on this particular proposition, whether they favor the debenture plan or whether they are opposed to it, will concede that the amendment improves the debenture plan. It removes one cause of danger. I hope that it may have the support of practically everybody, as I am inclined to think it possibly will. I do not want to delay the vote.

Mr. GEORGE. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Georgia?

Mr. NORRIS. I was going to yield the floor. Does the Senator want to ask me a question?

Mr. GEORGE. I wanted to ask the Senator a question.

Mr. NORRIS. Very well; I yield for that purpose.

Mr. GEORGE. Is it intended by the Senator's amendment to put this scale of debenture in operation at these reduced rates before the debenture plan is tried at all?

Mr. NORRIS. Oh, no. I do not believe that would be the effect of it.

Mr. GEORGE. Does the Senator contemplate by his amendment that the board, before ever having tried out the plan at all, will meet and determine whether or not there is to be this excess production and then put these rates in effect?

Mr. NORRIS. No.

Mr. GEORGE. Or does the Senator contemplate the scaling down of the debenture rate after the plan has been put in operation?

Mr. NORRIS. That is the object.

Mr. GEORGE. I want to bring back to the Senator's attention the same question that I asked the other day. His amendment simply provides and makes it mandatory on the board that

if the board, prior to the beginning of the crop year, finds that the production of any debenturable agricultural commodity during such year will exceed the average annual production of such debenturable agricultural commodity for the preceding five years, then these reduced debenture rates or scales shall go into effect. I approve the Senator's idea, I agree with it and think it ought to be incorporated in the bill, but would it not be better and more effectively carry out the Senator's idea to provide that when the board finds that during any year the production has exceeded the 5-year average, then for the succeeding year the reduced scale of rates shall become effective?

Mr. NORRIS. If I understand the Senator, I would not want to make it obligatory or put anything in the law that would make it obligatory for the decreases to continue. It should operate only during the year in which the board would put it into operation after they had made that kind of estimate. Of course, I may not get the Senator's idea, but if I understand it, he means that the board would put it in operation and it would continue in operation indefinitely.

Mr. GEORGE. Oh, no.

Mr. NORRIS. Then I did not understand the Senator.

Mr. GEORGE. The Senator's idea is undoubtedly correct, but inasmuch as the board may put the debenture plan in operation or may withhold it altogether, there is not the same danger of incurring overproduction as in a bill that would contemplate the debenture policy as a permanent plan.

Mr. NORRIS. I think that is undoubtedly true.

Mr. GEORGE. Therefore I ask the Senator if his amendment contemplated a situation in which the board, without ever having put the debenture plan into effect, would meet and determine what the production would be for the year, and the Senator said no. Then there can be but one purpose in the amendment. I agree to the purpose, but there can be but one, and that is to discourage the farmer from overproducing. In other words, the Senator wants his law to operate upon their conduct?

Mr. NORRIS. Yes.

Mr. GEORGE. The board meets and determines that there is about to be an overproduction without regard to any conduct upon the part of the farmer except that that overproduction has simply come about. My suggestion is that when the debenture plan is put into operation and then when we have a production exceeding by 20 per cent in the first instance the 5-year general average, if the debenture plan be continued at all, let the rates be for the next succeeding year as fixed in the Senator's amendment.

I want to say to the Senator that that suggestion has this advantage, which is a very material advantage, as every man in the South knows. The Senator is going to have a board guess in the first instance at the production. There are days and even weeks in the course of the production of every cotton crop when it would be absolutely impossible for any board to estimate it accurately, but upon a given condition they can forecast a production of three million to four million or five million in excess of the actual production later on. We have had the experience. We do not want the board to be guessing about the production of our crop in advance, because we have learned from being burned at that fire the disastrous consequence of lodging that power in the board. There is not a cotton man from the cotton-producing section of the country who would want to see that done.

No one would want that hardship placed on the farmer to discourage or control his conduct or action, and therefore I am suggesting that when there has actually been an overproduction in any year, then for the succeeding year these later rates of debentures shall apply.

That will discourage overproduction during the succeeding year. That will operate on the farmer's conduct. That will reach his act, his conduct. But here the Senator proposes to make applicable the principle, to which I agree, only when there has actually been brought into a state of existence the very overproduction which he is seeking to control.

Mr. NORRIS. How would the Senator accomplish the purpose he has in mind?

Mr. GEORGE. By merely changing the Senator's amendment so as to make it read this way:

In order to prevent undue stimulation in the production of any debenturable agricultural commodity, whenever the board finds that the production of any debenturable agricultural commodity during any crop year has exceeded the average annual production of such debenturable agricultural commodity for the preceding five years, it shall by proclamation prescribe that during the next succeeding year the export debenture rate for such commodity shall be reduced by the percentage hereinafter fixed.

Mr. NORRIS. What is the change that is made? I could not quite follow the Senator. The first change is made in line 4?

Mr. GEORGE. The first change is made in line 3. I am suggesting to the Senator, because I agree to the Senator's purpose that the words "prior to the beginning of a crop year" be stricken out.

Mr. NORRIS. Under the Senator's change when would this proclamation have to be made? Would the time of making it be changed under the Senator's idea?

Mr. GEORGE. No; not that part of it. I would simply strike out in line 3 the words "prior to the beginning of a crop year," and in line 4 the word "probable."

Mr. NORRIS. The Senator strikes out the words "during such crop year" in line 5?

Mr. GEORGE. Yes; because the reduction under the plan I have in mind would apply not to that year but to succeeding years, so as to cut down production during the succeeding years.

Mr. SMITH. Mr. President, may I call the Senator's attention to this fact? Suppose in the crop year of 1928 the crop was well within the law of supply and demand, or it was a small crop, and the prices were not satisfactory and the debenture was invoked, and so on. That crop will not be distributed until the next crop is made; in other words, the 1928 crop is being distributed right now in 1929, and if the farmers are to get any benefit from their 1928 production, it must occur during 1929. But if during the spring of 1929 there is a prospect, in the opinion of the board, as the Senator has written it in his amendment, that 1929 will exceed the 5-year average production, then the effect of lowering or withdrawing the debenture will affect the crop that was well qualified to receive it. The Senator from Georgia is proposing that not prior to production, but when it is ascertained that the crop produced is beyond or in excess of the average production, then the board shall make the reduction in the debenture.

Mr. NORRIS. The board, in ascertaining whether there is going to be an excess production or not, must not be called upon to act before they will have some opportunity to judge what the crop is going to be.

As stated by the Senator from Georgia the other day, one of the important things is the acreage. That could be ascertained well in advance, but something else may happen. It often happens that a large acreage produces a smaller crop than a much smaller acreage, the yield being dependent upon many conditions that can not be foretold at the time the crop is put into the ground. In the case of wheat, for instance, the crop may be ruined a short time before it becomes ripe and ready to be harvested; it may be destroyed, or a great percentage of it may be destroyed, in January or in February, on account of unfavorable weather conditions. So the board, in order to make an intelligent estimate, would have to wait as long as it could in order to give the necessary notice before the harvesting of the crops.

The Senator from Georgia, if I understand him, would not have an estimate made until there had been an actual year's production.

Mr. GEORGE. No, no, Mr. President.

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Georgia?

Mr. NORRIS. Yes.

Mr. GEORGE. The Senator from Nebraska does correctly understand me that far; but, further than that, the board would not make an estimate until there had been an actual production; and when the production changed the decreased debenture, the sliding scale would not become operative when the farmer needed assistance most, but it would become operative upon the next succeeding crop, of which the farmer would have full knowledge and could regulate his conduct accordingly. That is the plan.

Mr. NORRIS. The effect of it would really be to postpone the operation of the decrease for a year.

Mr. GEORGE. For the next year, not in the year in which the overproduction occurred.

Mr. NORRIS. I think there is a good deal of merit in what the Senator desires to do. However, I should not like to ask that this matter be delayed, but should like to make this suggestion to the Senator: Suppose we vote on the pending amendment; and if it shall be put in the bill, we shall then have ample time to study it. I should be very glad to go over it with the Senator from Georgia and with other Senators who are interested in it. If we find that we can improve the amendment, I think there will be no difficulty, if the debenture plan remains in the bill, to have the vote reconsidered and make the change later. I only suggest that in the interest of expedition. The chairman of the committee has been very patient in letting

us go along a good while, and I do not want to ask for more delay.

Mr. SMITH. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from South Carolina?

Mr. NORRIS. I yield to the Senator.

Mr. SMITH. The Senator from Nebraska is merely asking that the Senate assent to the principle involved in his amendment, and not to the text?

Mr. NORRIS. Yes; I am only trying to get the principle adopted, anyway?

Mr. McNARY. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Oregon?

Mr. NORRIS. I yield.

Mr. McNARY. The purpose of the Senator from Georgia [Mr. GEORGE] is perfectly evident, namely, that if there shall be an overproduction in one year the reduced debenture shall not apply in that year but shall apply the next year as a penalty for the overproduction the year before; in a word, that is the theory of the suggestion which is made by the Senator from Georgia. I think the Senator will concede that statement to be correct?

Mr. GEORGE. No; I would not put it in that form.

Mr. McNARY. But it would operate in that form, though probably my statement is a little broad; that is what it really means.

Mr. GEORGE. I was simply objecting to the word "penalty."

Mr. McNARY. I understand.

Mr. GEORGE. My proposition is that there should be a reduction of the debenture. The only purpose I have in mind is not to deprive the producer of the benefit of the debenture plan, if it is to be put in operation, during the year when he most needs it; and, second, that when he has overproduced, and that has been ascertained as a matter of fact, the sliding debenture shall become effective upon the next crop. The farmer will then have notice and can regulate his production.

Mr. McNARY. I perfectly understand the position of the Senator. If there shall be an overproduction this year, the Senator does not want the lowering of the debenture to apply to the crop that is planted and is in process of maturing.

Mr. GEORGE. Exactly.

Mr. McNARY. What the Senator does want—I repeat the word—is a penalty which applies next year to the overproduction of the preceding season.

Mr. GEORGE. The Senator has correctly expressed my idea.

Mr. McNARY. If I might express my own view, I think it is probably an improvement over the suggestion made by the Senator from Nebraska.

Mr. NORRIS. I also am inclined to think so.

Mr. McNARY. I wish to make this further observation: I am very strongly of the opinion that the amendment of the Senator from Nebraska, if adopted, would very much improve the debenture plan, and I hope that it will be supported on the floor by sufficient votes to write it into the plan.

I take the view that when a Senator is considering a proposal, whether he is opposed to it or whether he approves it, it becomes his duty as a legislator to improve the plan, because if the debenture shall be written into the statute we want it in the very best form. I am against the debenture plan, as I stated a few days ago, but I shall vote for every amendment which is calculated to simplify it and to improve it. Consequently, I am in favor of the plan suggested in the amendment proposed by the Senator from Nebraska; and I rather believe, upon a few moments' reflection, that it will be improved by the suggestion which has been made by the Senator from Georgia.

If I may, I desire, in conclusion, to make the request of the Senator from Nebraska that he accept the modification of his amendment proposed by the Senator from Georgia in this form; and then, when the amendment shall be reached in the Senate, after the measure shall have left the Committee of the Whole, it may be amplified or improved or modified.

Mr. NORRIS. That might be the best course to pursue; the result would be practically the same; but the only thing which makes me hesitate is that the suggestion is a new one to me; there are a good many Senators with whom I have talked for several weeks in regard to the matter, and I would rather consult some of them before I consent to the amendment. I myself also should like to consider it a little more.

Mr. GEORGE. Mr. President—

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Georgia?

Mr. NORRIS. In just a moment.

Mr. GEORGE. If the Senator will pardon me, I was about to accede to his request that the principle embraced in the

Senator's amendment go into the bill, because I am sure the Senator upon reflection and after study will accept the suggestion which I have made.

Mr. NORRIS. I would rather have it that way.

Mr. GEORGE. If that suggestion shall meet with approval, then we can perfect the amendment later.

Mr. McNARY. That is perfectly agreeable, so far as I am concerned. If the Senator from Nebraska and the Senator from Georgia would like to have until to-morrow to conclude a conference on the subject, I should be very glad to ask that the amendment go over until to-morrow at 12 o'clock.

Mr. NORRIS. I wish to say to the Senator that the Judiciary Committee is tied up with a matter that takes practically all of my time and it is necessary for me to be there, and until we dispose of the matter which is pending there I am going to have very little time. So I should rather let it go the other way if that is agreeable to the Senator from Oregon.

Mr. McNARY. Very well. Then we can proceed to the consideration of the amendment proposed by the Senator from Nebraska.

Mr. NORRIS. Yes.

Mr. McNARY. Very well.

Mr. NORRIS. Mr. President, before I conclude I ask unanimous consent to have printed in the RECORD as a part of my remarks a letter, not particularly regarding the debenture plan but on the general subject of farm relief. I wish to explain to the Senate who is the writer of the letter. It is written by Mr. William Hirth. All those who have been working with the Agricultural Committee to bring about farm relief will remember him as one of the foremost advocates of farm relief and one of the most able of those representing a large number of farmers who has ever appeared before the Agricultural Committee. He himself is a farmer and is likewise the editor of the Missouri Farmer, one of the greatest farm journals in the United States. I ask that, as a part of my remarks, his letter may be printed in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter is as follows:

COLUMBIA, Mo., April 22, 1929.

Hon. GEORGE W. NORRIS,

Senate Office Building, Washington, D. C.

MY DEAR SENATOR: Knowing first hand the deep interest you have always taken in agriculture, I can surmise your disappointment, not to say disgust, over the so-called farm relief bill which has been introduced in the House, and which supposedly reflects the wishes of the White House. And yet under all the circumstances, what else was to be expected?

I have read with a sense of compelling curiosity the President's message. After having declared in his speech of acceptance that the farm question is the "most urgent economic problem before the Nation," I was curious to see what specific advice and leadership he would offer in a premise so admittedly grave—and after reading his message, all I have to say on this score is that if he was right in his speech of acceptance, then he has evidently come to the conclusion since that time that, after all, the farm question is not so "urgent" that it can not be safely turned over to a "great instrumentality" which some time in the dim and distant future may or may not find a remedy.

At the outset the President says in his message that farm prices have been "unduly depressed by congested marketing at the harvest," or by the "occasional climatic surpluses," etc. The first suggestion is correct, and this is true, because, burdened with pressing debts, the farmer is forced to sell at harvest time, nor is there any provision in the House bill that promises dependable relief from this malady. As to the suggestion that the farmer suffers from "occasional climatic surpluses," this is a puzzling statement—certainly there is nothing "occasional" or "climatic" about our surplus wheat, cotton, pork, etc. On the contrary these surpluses come as regularly as the sun and moon move in their courses, and they constitute a veritable millstone about the neck of the American farmer, and it was to solve this gigantic problem that for seven long, weary years the farm leaders of the country have labored as no set of men ever labored before. It may be true that agriculture is suffering from a "multitude of causes," but cure this one big problem, and the rest will soon adjust themselves.

Also the President suggests that the farmer is suffering from high railway rates, and this is true—and while I hold no brief for the railroads, but why not also mention the high price of steel, aluminum, and a hundred other items that enter into the farmers costs of production? As to the suggestion that relief can be obtained through the improvement of waterway transportation, perhaps this is possible, but the chief trouble about it is that most of the farmers now living will have embarked with the Silent Mariner long ere this worthy dream can be realized.

Next the President says that some of the farmers' troubles can be cured through a "readjustment of the tariff"; but what of the tariff on wheat and other surplus commodities which, under existing condi-

tions, is as meaningless as the number of spots on the sun? In any case, why go gunning for jack rabbits when a snarling grizzly stands squarely in our path? Furthermore, in these premises I desire to observe that from past experience when Congress begins to take a friendly interest in the tariff it is wise for the average farmer to begin hunting a cyclone cellar.

As to the suggestion that we should create a "great instrumentality" that will "transfer the agricultural question from the field of politics into the realm of economics," I realize that this is "a consummation devoutly to be wished" in certain quarters, but as to whether such an acrobatic performance is possible the future alone can tell, although we ought to be able to get a rather accurate line on it in the next congressional election.

Without giving any reason for the faith that is in him, the President next says that "there should be no fee or tax imposed upon the farmer," and this terse statement accomplishes two very important things—first, it smacks of "protecting" the farmer against a possible legislative outrage, and, secondly, it gives the high sign to the "faithful" in the fewest possible words, and it is safe to assume that the said "faithful" will not be "too dumb" to understand. Perhaps it sounds the death knell to the much-discussed equalization fee, whose sole purpose was, on the one hand, to make the tariff effective on surplus farm commodities in our domestic markets, while on the other hand it sought to protect the Federal Treasury from loss—it was a device conceived in clean hearts to the end that the farmer might free himself from the millstone of the surplus which is chained to his neck, and this without a penny of subsidy from the Government.

Next, the President avers with equal terseness that "no governmental agency should engage in the buying and selling and price fixing of products, for such courses can only lead to bureaucracy and domination," and the indictment against "price fixing" has a familiar sound. Meanwhile, agriculture is bordering on the brink of almost complete collapse, because the price the farmer receives is below his actual production costs; and if it would be unholy for a "governmental agency" to aid the farmer in these premises by direct and practical means, then why would it not be equally unholy to accomplish the same thing indirectly through so-called "stabilization corporations"? Apparently in times gone by it was perfectly proper for Congress to fix prices for industry through the tariff, for the railroads through the Esch-Cummings Act, and for labor through the Adamson law, and in these premises, as the farmer thinks of the special favors which have been granted to others, and which have very greatly increased his own burdens, he might fittingly repeat the pitiful plea of Shylock, "When you tickle us, do we not laugh? When you prick us, do we not bleed?"

Finally, the President finds refuge in the declaration that "we must make a start," and never did so few words dispose of a more momentous and gigantic responsibility. Surely if the agricultural question is the "most urgent economic problem before the Nation," then we should do something more than merely "make a start" toward its solution, for out here in the mighty Corn Belt are hundreds of thousands of as hard-working and intelligent farmers as ever lived, who are struggling desperately to keep their homes from being sold at the courthouse door; and in passing it is pertinent to remark that they are the same farmers who responded so wholeheartedly to Mr. Hoover's slogan, "Food will win the war," when the guns of Hindenberg were thundering on the French frontiers, and they tolled from the dawn to the enveloping shadows of the evening to the end that there might be food and raiment in plenty, and they did it without any assurance of "10 per cent plus."

In this connection I have read with interest a recent statement by David Lawrence in which this well-known analyst says that the President's message on farm relief does not present an "exact program" but "rather a set of principles"; also that the President "would clothe the new Federal farm board with broad powers to 'find a remedy'" and that with reference to the proposed stabilization corporations Mr. Hoover does not outline in detail how they shall help the farmer to deal with the surplus and allied problems, again "leaving it to the Federal farm board to work out"; and in all these conclusions I cordially agree with Mr. Lawrence—it is painfully true that after wandering all around Robin Hood's barn, Mr. Hoover has failed utterly to present an "exact program"; that, on the contrary, he has sought refuge in a "set of principles," not to say glittering generalities.

Here I also want to say that the President's recent charge that there is a "lack of unity" among the farm organizations as to a relief program is wholly unjustified; on the contrary, only recently the three major farm organizations of the United States gave out a joint statement as to the character of bill they desire, and this includes an unequivocal demand for a measure that will make the tariff effective in the home markets. And to this might be added the recent expression of the Corn Belt committee, which speaks for more than a million organized farmers, and which was even more emphatic. It can truly be said that never before have the Nation's great farm organizations been as united as they are with reference to this matter.

And now I desire to make certain comments on H. R. 1, and if I omit a similar comment on the Senate bill, it is because it has not yet reached me. At the outset I want to observe that the phrase "so that

the industry of agriculture will be placed on a basis of economic equality with other industries" should be stricken from this measure—and I say this because this phrase belongs to the hallowed though ill-fated past and because it has no place in the buck-passing provisions that follow.

The bill starts out by saying that the chairman of the proposed Federal farm board "shall serve at the pleasure of the President," and I am wondering why a similar sword of Damocles was not suspended over the heads of the chairmen of the Interstate Commerce Commission and the Federal Reserve Board.

Next, it is said that the board shall "encourage the organization, improvement in methods, and development of effective cooperative associations," and also to "extend the membership of cooperative associations by educating the producers," and thus the door is opened wide to a swarm of future Government "organizers" who can very easily become as thick as the flies of old Egypt. I think I am a fairly good friend of cooperation, but if this bill passes I trust these provisions may be stricken from it, for if there are those who fear bureaucracy and domination, here is where it will find its initial roosting place. Assured of a fair price, farmers will work out their own organization problems without intermeddling or dictation from a new brood of governmental employees. In fact, they will hotly resent such interference.

Next, the board is instructed to "investigate overproduction" and to "prevent" it, and considering that floods, drouths, and sunshine enter into the equation, it is, to say the least, a rather large order. Furthermore, if we are to assure an ample supply of such commodities as bread and pork to our own people, is not a reasonable degree of overproduction both inevitable and desirable?

In the next breath the board is admonished to expand our foreign markets, and thus upon second thought the production of surpluses is evidently not considered altogether undesirable; and yet how can the board hope to expand our foreign markets so long as we maintain a Chinese wall through the tariff which makes a liberal exchange of commodities with the outer world practically impossible?

Next I come to the loan provisions, and at this distance it would seem to me that certain of our hard-pressed cooperative leaders have been "led up into a high mountain," and evidently when they got back to Pennsylvania Avenue they were able to remark to each other that "it is an ill wind that blows no good." As I recall it, the late and unlamented Fess bill offered the cooperatives of the country a treasury swag of \$300,000,000, and I say "swag" because the collateral provisions were so liberal that an old white mule could have gotten by at his face value, while under this new proposal he could not be hocked for more than 80 per cent of his alleged value. Therefore if we were going to allow the great surplus question to be sidetracked, and to compromise for a "mess of pottage," it would have been wiser if we had accepted the Fess bill in the first place. In saying this I do not mean to imply that legitimate loans to bona fide cooperatives will not fill a long-felt and extremely vital need, but in my opinion they should be obtained through an expansion of the intermediate credit banks which are already supplying certain kinds of agricultural credit, and which could very easily have been broadened to occupy this field. This provision reflects frantic zeal to provide "grist" for a new mill that is desperately seeking means to justify its existence, and to appease the wrath of the long-suffering farmer.

As to the proposed "stabilization corporations," on the one hand they are met with the admonition to "avoid losses," and to "secure profits," while on the other hand they are instructed not to withhold commodities from the market, "resulting in distress to domestic consumers"—and whatever their fate may be in the first premise, certainly there will be no occasion for the consumers of the country to lie awake at night in the latter premise for a good many moons to come.

Frankly, H. R. 1 represents a tortured and awkward effort to create a "great instrumentality" that is turned adrift upon an uncharted sea, and that is chiefly designed to enable certain gentlemen to say that they have "kept their campaign pledges"—it is the greatest "buck-passing" performance in the history of Congress, and as such it will not fool a single thinking farmer in the Nation. I have just glanced over the report of the committee on this bill, and it completely ignores the tariff as the big factor in a genuine farm relief bill—from beginning to end it substitutes fulsome oratory for concrete performance.

Broadly speaking, the farmers of this country are carrying their full share of the burdens of the Fordney-McCumber act, and other similar special legislation ad infinitum, including the generous wage scales of labor. In other words, our farmers are doing business in the most highly protected and expensive market in the world, while on the other hand the price of their wheat, cotton, tobacco, rice, pork, beef, etc., is fixed in the free-trade markets as determined in the four corners of the earth, and the only way under high heaven that this tragic and impossible situation can be brought to an end is to make the tariff effective in the home markets—and to assume that H. R. 1 makes an effort worthy the name in this respect is an insult to the intelligence of the American farmer. And as proof positive of this statement, are not the proposed "stabilization corporations" admonished to "avoid losses," when to make the tariff effective on wheat alone is almost certain to involve a loss of \$75,000,000 or \$100,000,000 before the

present year is out? In this connection, if our present splendid wheat prospect materializes into a generous harvest, it is not at all unlikely that we will experience the lowest wheat price in several years, and I say this because of the world's present surplus stocks, and if this situation should develop, I wonder what the proposed "great instrumentality" will do about it?

What the great farm depression has meant to the farmers of the United States can be found in the fact that our farm debt has increased from \$4,500,000,000 to more than \$14,000,000,000, while on top of this farm property of one kind and another has depreciated in the almost inconceivable sum of \$20,000,000,000. Or, if a still more tragic illustration is desired, it can be found in the fact that while farmers still constitute 25 per cent of our population, they have been receiving less than 8 per cent of our yearly national income—and lastly, I desire to remind you that literally tens of thousands of hard-working farmers have already lost their homes, while approximately 5,000 erstwhile prosperous rural banks are silent and closed. Verily it is an economic tragedy without precedent in the world's history, and he who assumes to deal with it must needs be frank and sincere to the uttermost or assume a responsibility that is nothing short of frightful. It is an issue which affects the very existence of 30,000,000 people who have from time immemorial served the Nation faithfully, and who ask only for common justice, who ask that they shall be assured of their share of human happiness, and that others shall "do unto them as they would be done by"—it is an issue which can not be unloaded upon a "great instrumentality," it must be met and met fairly and squarely, or it will tear down the pillars of the temple in the impending crash which comes nearer with the rising and setting of each day's sun.

Already business conditions are "tightening," and this because of the farmers' constantly diminishing buying power. In the meantime, as farm workers are being driven off the farm to our industrial centers, unemployment is increasing—on the one hand is the unending war to displace man power in our factories through new devices and inventions, while on the other hand the great caravan from the farm to the city moves steadily forward, and thus it is apparent that the tragedy of agriculture will soon be followed by a tragedy little less far-reaching to our workingmen. And all because for some mysterious reason we temporize and sidestep our responsibilities with reference to what is indeed and in truth the "most urgent economic problem before the Nation."

As I was about to conclude this comment my attention has been attracted to the President's letter to Senator McNARY, and I desire to submit certain hurried observations in this connection: While in the past I have as vigorously as I knew how supported the McNARY-Haugen bill as against the so-called "debenture plan," I do not agree with the President that this plan is "a complete departure from the principles already debated during the campaign." As a matter of fact, Mr. Hoover was extremely hazy during the campaign as to his exact farm-relief program, and especially so in contrast to the frank and vigorous manner in which his distinguished opponent met this question. However, the President's sponsors during the campaign let it be understood from a thousand stumps that in the event of his election the surplus question would be met fairly and squarely, and that by some process the tariff would be made effective in the home markets—they would not have dared to do otherwise, and I here and now predict that those who support the House gesture as it now stands will face the wrath of tens of thousands of Corn Belt farmers in the next election.

The President suggests that the debenture plan would constitute a "gigantic gift" from the Government to certain dealers, manufacturers, and speculators, but why not assume Congress will so safeguard this provision that it will really land in the farmers' pocket. And if the combined wisdom of Congress should fail in this endeavor, then why not leave it to the "great instrumentality" which is about to be created?

In the next breath, however, the President insists that if the proposed export bounty should find its way into the farmer's pocket, that then it would immediately stimulate him into a greater era of overproduction, and this philosophy is interesting for several reasons—first, because it proceeds upon the theory that farmers are not capable of using a fair degree of common sense; and secondly, if Mr. Hoover is really correct in this assumption, then should not all relief legislation be abandoned? For if the proposed "stabilization corporations" should by any chance increase the price of wheat, cotton, or pork, will not this, according to Mr. Hoover, likewise stimulate a greater degree of overproduction? As one follows the President's argument on this score to its logical end, one is forced to the conclusion that any substantial increase in farm prices will prove a "disaster" to the farmer, and that, therefore, he might as well make up his mind to "root hog or die" as matters now stand.

There are other interesting statements in the President's letter which for lack of time I shall not discuss. Speaking specifically, however, with reference to his deep solicitude lest the proposed debenture plan "bring disaster to the American farmer," I desire to assure him that out here in the Corn Belt our farmers are already in the midst of so much disaster that they are in an extremely reckless frame of mind; they will try anything not merely once but thrice, and should the worst come to the worst they will be joyfully willing to let the tail go with the hide.

That the debenture plan has the whiskers of a real blown-in-the-bottle subsidy may be true, and thus if its precipitation does nothing more than to cause Mr. Hoover to take a second look at the equalization fee it will have served a most benign purpose. Meanwhile I congratulate those members of the Senate Committee on Agriculture who have had the courage to precipitate a discussion which is certain to lay bare before the farmers of the Nation the legislative farce which apparently is about to be enacted in the House, and which means that the agricultural question will flare up more fiercely in the next congressional election than ever before.

If in the foregoing I have spoken with a degree of frankness, it is because my hair has grown gray in the farm movement and because I happen to be the official head of a cooperative organization which directs more than 700 units and which does a yearly business of approximately \$150,000,000. Also as a farm-paper publisher and as one of the most extensive livestock producers in this State I do not believe that it will be charged that I lack first-hand information upon this subject. With high regard and good wishes, I am,

Sincerely yours,

WILLIAM HIRTH.

Mr. NORRIS. Mr. President, so far as I am concerned, I am now ready for a vote.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nebraska.

The amendment was agreed to.

Mr. McNARY. Mr. President, so far as I am advised, no other Member of the Senate desires to proceed this afternoon, and, if it is agreeable to the leader on the majority side, I shall move a recess until 12 o'clock to-morrow.

Mr. WATSON. Very well.

Mr. BLAINE. Mr. President, I will suggest to the Senator from Oregon that I have an amendment to propose to the farm relief bill to which the possibility is there will be no objection. We might dispose of that before we take a recess and expedite the pending legislation to that extent.

Mr. McNARY. I would prefer to take a recess at this time and discuss the Senator's amendment to-morrow.

Mr. BLAINE. I was going to suggest that what I intend to propose has already been adopted as the policy of Congress with respect to another project. It is a very simple proposal; it goes to the question of the rate of interest.

Mr. McNARY. I move that the Senate take a recess until to-morrow at 12 o'clock.

Mr. HEFLIN. Mr. President—

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Alabama?

Mr. McNARY. I yield.

Mr. HEFLIN. Why should we now take a recess until to-morrow? It is only half past 4 o'clock; we could run until 5.30 o'clock and have another hour.

Mr. McNARY. I will state to the Senator that I promised at 4 o'clock to-day to meet a delegation of dairymen who want to have considered a proposed amendment to the pending bill. It is an important question, and the dairy industry is a very large one. I can not be at my office and in the Senate Chamber at the same time. So in the interest of the agricultural situation I believe it best to recess now and let the bill go over until to-morrow.

Mr. HEFLIN. I wish to give notice that I shall undertake to get my resolution up on to-morrow.

PRINTING OF "POINTS OF HISTORIC INTEREST IN THE NATIONAL CAPITAL"

Mr. VANDENBERG. Mr. President, will the Senator from Oregon withhold his motion for a moment?

Mr. McNARY. I yield to the Senator from Michigan.

Mr. VANDENBERG. From the Committee on Printing I report back favorably without amendment Senate Resolution 45. It is very brief, and I ask unanimous consent for its immediate consideration.

There being no objection, the resolution (S. Res. 45) submitted by Mr. Moses on April 29, 1929, was considered and agreed to, as follows:

Resolved, That 5,000 copies of Senate Document No. 228, Seventieth Congress, second session, entitled "Points of Historical Interest in the National Capital," be printed for the use of the Senate Document Room.

RECESS

Mr. McNARY. I renew the motion that the Senate take a recess until 12 o'clock noon to-morrow.

The VICE PRESIDENT. The question is on the motion of the Senator from Oregon.

The motion was agreed to; and (at 4 o'clock and 25 minutes p. m.) the Senate took a recess until to-morrow, Wednesday, May 1, 1929, at 12 o'clock meridian.

SENATE

WEDNESDAY, May 1, 1929

(Legislative day of Monday, April 29, 1929)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The PRESIDENT pro tempore. Senate bill No. 1 is before the Senate as in Committee of the Whole and open to amendment.

Mr. HEFLIN. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Allen	Frazier	La Follette	Simmons
Ashurst	George	McKellar	Smoot
Barkley	Glenn	McMaster	Steck
Bingham	Goff	McNary	Stelwer
Black	Goldsbrough	Metcalf	Thomas, Idaho
Blaine	Gould	Moses	Thomas, Okla.
Blease	Greene	Norbeck	Townsend
Borah	Hale	Norris	Trammell
Bratton	Harris	Nye	Tydings
Brookhart	Harrison	Oddie	Tyson
Broussard	Hastings	Overman	Vandenberg
Burton	Hatfield	Patterson	Wagner
Capper	Hawes	Phipps	Walcott
Caraway	Hayden	Pittman	Walsh, Mass.
Connally	Hebert	Ransdell	Walsh, Mont.
Couzens	Hefflin	Reed	Warren
Cutting	Howell	Robinson, Ark.	Waterman
Deneen	Johnson	Robinson, Ind.	Watson
Dill	Jones	Sackett	Wheeler
Edge	Kean	Schall	
Fess	Keyes	Sheppard	
Fletcher	King	Shortridge	

Mr. SCHALL. I desire to announce that my colleague the senior Senator from Minnesota [Mr. SHIPSTEAD] is still in the hospital.

Mr. SHEPPARD. I wish to announce that the senior Senator from Virginia [Mr. SWANSON] is necessarily detained upon official business. He has a general pair with the Senator from Maine [Mr. HALE]. This announcement may stand for the day.

The PRESIDENT pro tempore. Eighty-five Senators having answered to their names, a quorum is present.

Mr. WATSON and Mr. HEFLIN addressed the Chair.

The PRESIDENT pro tempore. The Senator from Indiana.

Mr. HEFLIN. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Indiana yield to the Senator from Alabama?

Mr. WATSON. For what purpose?

Mr. HEFLIN. For the purpose of addressing the Senate.

Mr. WATSON. Not at this particular time.

Mr. HEFLIN. Very well, Mr. President.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (H. J. Res. 56) to provide funds for the eradication, control, and prevention of the spread of the Mediterranean fruit fly, and it was thereupon signed by the President pro tempore.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate resolutions of Butchers Local Union No. 115, Sausage Makers Local Union No. 203, and Post Office Clerks Local Union No. 2, of San Francisco, Calif., favoring a reduction of 50 per cent in the Federal tax on earned incomes, which were referred to the Committee on Finance.

Mr. SHORTRIDGE presented numerous petitions and letters and telegrams in the nature of petitions signed by 235 citizens of the State of California, praying for the repeal of the national-origins provision of the immigration act and the retention of immigration quotas based on 2 per cent of the 1890 census, which were referred to the Committee on Immigration.

Mr. WALCOTT presented petitions and papers in the nature of petitions from members of Blenda Lodge, No. 11, Order of Vasa, of Bridgeport; the John Ericsson Republican League of Connecticut; Three Crown Lodge, No. 38, Order of Vasa, of Stamford; Linne Lodge, No. 14, Order of Vasa, of Middletown; the Vega Benefit Society, of New Britain; the First Swedish Hundredmen's Society, of Bridgeport; the Scandinavian Fraternity of America, Park City Lodge, No. 182, District No. 9, of Bridgeport; the Cromwell Hall, of Cromwell; the Swedish Congregational Churches of Bristol and Plainville; Diana Lodge, No. 6, Order of Vasa, of New Haven; Svea Lodge, No. 24, Order of Vasa, of Naugatuck; the Augustana Brotherhood of Salem Lutheran Church, of Naugatuck; Gota Lejon, Lodge No. 19, Order of Vasa, of Waterbury; the Swedish Congregational Church of Middletown; members of the American Legion and